

NEWS SUMMARY

GENERAL

Iran dodges U.S. ban on parts
Iran is buying spare parts for its oil industry worth \$53.2m a year through a London-based purchasing organisation, despite U.S. economic sanctions imposed to force the release of the Tehran hostages.
Iranian Oil Services (IROS) is still legally owned by the consortium of western oil companies, including 11 in the U.S. which produced most of Iran's oil before the revolution.
English Petroleum has 40 per cent of IROS. Back page, Trials premise, Page 3

Miami violence
Three police were wounded by gunfire in a fresh surge of racial violence in a predominantly black area of Miami. Page 4

Murder charge
Ronald Knight, husband of actress Barbara Windsor, was committed for trial with Nicholas Gerard at the Old Bailey charged with the murder of Alfredo Zamparelli.

Churchill suicide
Stepmother of MP Winston Churchill committed suicide because she had cancer, an inquest decided. June Spencer Churchill, 57, was a member of the Euthanasia Society.

Afghan talks
Islamic committee contacted the Marxist Government in Kabul to see if there was a basis for negotiating a solution to the Afghan crisis. Page 4

Games boycott
Ireland is joining the EEC boycott of the Moscow Olympics. The Dublin Government said. Top Olympics job, Page 2

Carnival illness
Parents and organisers of the Sports carnival at which almost 300 children collapsed rejected the "mass hysteria" theory as three more people fell sick.

Proms rehearsal
BBC Symphony Orchestra held its first practice rehearsal tomorrow's first night of the alternative Proms at Wembley Conference Centre.

Nurse death
Deputy Leeds Coroner said he could not yet justify holding an inquest into the death of British nurse Helen Smith in Saudi Arabia last year.

Lebanon assembly
Lebanon's right-wing Phalange Party announced plans for a legislative assembly and a new administration. Cabinet resignation, Page 3

Drink problems
Merseyside has the highest level of alcoholism in England and Wales, followed by Greater London, says a survey. Page 7

Dew reward
Cricketers at Great Chesterford, Essex, beat the bad weather by starting a match at 4.30 am and finishing at 7 am. Forecast, Back page

Flies by night
Police were treating as industrial sabotage night raids on two maggot farms in the North in which millions of maggots and blueberries were killed.

Briefly
Sixteen people were killed in a train crash in central Spain. U.S. destroyer picked up 44 Vietnamese refugees from the South China Sea.
Final section of the Humber Bridge will be lifted into position today.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISERS

Treas. 12pc 1981-82 599 + 11
Treas. 12pc 04-08 1106 + 11
Barclays Bank 430 + 22
Country and District 210 + 85
Diploma 530 + 45
Dowry 252 + 18
Equity and Law 273 + 14
Pensions 122 + 10
Forward Technology 244 + 10
Hillards 148 + 8
Kent (M. P.) 68 + 6
Land Secs. 363 + 8
Lynnda and Scottish 172 + 6
Mercury Secs. 220 + 17
Midland Bank 378 + 26
Murray Minor Inv. 98 + 16
North British Prop. 141 + 9
Pritchard Services 59 + 21
RMC 189 + 7

FALLS

Simon Eng. 288 + 8
Sothebys 490 + 17
Sunlight Services 63 + 5
Tarmac 258 + 9
Union Discount 470 + 15
Westland 533 + 8
Cons. Gold Fields 330 + 40
Coppermine Minerals 290 + 40
Chd. M. N. Kalgoolie 424 + 15
Greenvale 240 + 40
Libanon 101 + 1
North Kalgoolie 88 + 10
Oiler Exp. 86 + 8
Poseidon 208 + 12
Samaatha Expl. 85 + 7
South Croft 34 + 9
Venterspost 678 + 42
Hambro Life 255 + 7
Holding Ass. 245 + 28
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Earnings growth is checked by impact of recession

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of average earnings has stopped accelerating so far mainly because of the impact of the recession on overtime and short-time working.

Department of Employment figures published yesterday suggest the underlying annual rate of increase was about 21 per cent in May, the same as the revised estimate for the previous month, and compared with less than 15 per cent a year ago.

Whitehall officials were characteristically cautious about saying it had peaked. But both the figures and reports from industry indicate the trend may be beginning to change.

The recession's influence is shown by the fact that overtime fell 100,000 hours in May to 12,250, 3m hours less than a year earlier and the lowest since the end of 1974.

Cuts in production pushed up short-time working to 2.3m hours a week in May, 1.9m hours more than a year earlier.

These two factors reduced the 12-month rate of increase in April and May by 11 percentage points, and offset some of the effect of inclusion of pay settlements agreed at a higher level than a year ago.

There have been several reports in the last fortnight of a significant reduction in the level of pay rises in recent deals. Increases of about 8 per cent have been quoted by the Confederation of British Industry's Midlands region.

The evidence so far is far from conclusive, and relates mainly to pay deals in the more vulnerable parts of manufacturing which have faced the full force of the downturn of activity of the past three months.

There are not yet clear-cut indications of a significant slowing in pay rises in either the public sector or in private-sector services.

Even if there is a change of trend it is unlikely to show clearly in the 12-month rate until toward the end of the year because few large settlements are agreed until mid-autumn.

The detailed figures show that the index of earnings for 21m employees in the whole economy rose by 21.1 per cent to 176.8 (January 1975=100) in the year to May, compared with a 21.3 per cent increase in the previous month.

There appear to have been wide differences in earnings growth in the economy, partly because of the impact of the Clegg pay comparability awards in the public sector.

Average earnings in manufacturing rose by 17.3 per cent in the year to May, roughly 31 percentage points less than the increase for the whole economy. The older earnings index, covering 11m workers, mainly in production industries, rose by 18.4 per cent to 441.4 (January 1970=100, and seasonally adjusted) in the year to May. This compares with a 19.7 per cent rise in the previous month.

Basic weekly wage rates of manual workers rose by 19.4 per cent in the year to June to 353.8 (July 1972=100), against 19.2 per cent previously.

Sir Geoffrey Howe, the Chancellor, appealed last night to workers over the heads of union leaders to accept "realistic" pay settlements in the next round to preserve jobs. To retain as many jobs as possible in the coming year most people must accept rises "well below the level of inflation."

Sir Raymond Pennock, president of the CBI, described the earnings figures as "just too horrible to contemplate. When the history of 1980 comes to be written there is no doubt that last year's pay settlements will be written down as an unmitigated disaster for the economy of this country."

He too urged single-figure settlements, "and I do not mean 9 per cent."

Shorter UK recession predicted, Page 8
Chancellor appeals to workers, Page 9

Defence spending plans to be cut by £100m

BY PETER RIDDELL

THE MINISTRY of Defence is to cut more than £100m from its planned spending on equipment and construction in the current financial year and may have to cut even more. This is intended to offset over-spending on other parts of the defence budget and to keep within the department's overall cash limits.

This "precautionary action" highlights the problem of defence over-spending which has arisen in recent months and which has led to considerable tensions between the department and the Treasury. It is an argument entirely separate from the longer-term question of how to finance the Trident missile system.

Existence of a problem over defence spending—although not the specific action taken—was confirmed yesterday by Sir Anthony Rawlinson, the Treasury Second Permanent Secretary responsible for public expenditure.

Sir Anthony told the Public Accounts Committee of the Commons that the defence problem was "bigger than far other spending departments."

Asked specifically about reports of over-spending in last week's Financial Times, he did "not deny that defence expenditure is one element of the rather high level of central Government borrowing in the first three months of the financial year." It "requires attention," he said. The two departments had "frequent contacts" with each other.

The immediate decision concerns the threatened over-spending in 1980-81 and the

Observer puts out notice of closure

BY JOHN LLOYD

THE OBSERVER, Britain's oldest Sunday newspaper, will close in October unless a solution is found to a wages dispute with the National Graphical Association, the print craftsmen's union.

The management yesterday sent the formal statutory 90-day notice of closure to the general secretaries of the five print unions. The notice will be sent to the paper's 1,800 staff after the required seven-day delay.

The NGA's decision to reject the management's offer, taken at a national council meeting on Tuesday, was subjected to a blistering attack by the largest print union, the Society of Graphical and Allied Trades.

After its executive council met yesterday, SOGAT accused the NGA of responsibility for the loss of "thousands of jobs" in newspapers and elsewhere in the printing industry.

"SOGAT is not prepared to sit idly by and permit the NGA to act as the kamikaze pilot in this industry. The NGA in recent times has paid no regard at all to what has been the long-held traditional understanding of unity between unions."

"They (the NGA) seek to further their own cause without any regard at all to the interests of other people."

Mr Bill Keys, general secretary of SOGAT and chairman of the TUC's printing industries committee, is to ask Mr Len Murray, TUC general secretary, to intervene in the dispute.

The Observer said its offer to the NGA had reached "the absolute limits of what it could afford," and that the NGA's rejection was made in full knowledge of that.

The NGA has been in touch with the Advisory Conciliation and Arbitration Service, though ACAS has not formally been asked to intervene. However, Mr. Les Dixoo, the union's president, said last night that "we are certainly prepared to put the whole issue to arbitration."

The Observer's offer, which has not changed in the past two months of negotiations, is to the 50 machine managers in its machine room, organised by the NGA. It has already reached an agreement in principle with the NGA composers, who also number about 50.

The National Union of Journalists chapel (office branch) at the Observer called for the dispute to be referred to ACAS.

The Observer, founded in 1791, was taken over by the U.S. oil company Atlantic Richfield in November 1976. It has since invested around £10m in the newspaper, which has increased circulation over the past year by nearly 400,000, to around 1m. However, it continues to make losses.

Brinkmanship at the Observer, Page 8

Hopes of MLR cut lift gilts

BY DAVID MARSH

GROWING HOPES of a further cut in Minimum Lending Rate spurred strong buying yesterday on the gilt-edged market which spilled over into equities.

Heavy demand for Government stock from institutional and overseas buyers led to the exhaustion of the £800m medium-term tap stock issued a week ago. The FT 30-share index crossed the 500 mark for the first time since June last year and has risen more than 20 per cent in the past seven weeks.

The FT Actuaries all-share index rose to its highest ever.

Confidence on the financial markets has risen considerably in the past month following two sets of better trade figures and signs that money supply is coming under control.

There was speculation in the City last night that a cut in MLR might be made today.

Although the timing is unclear, there are indications from Westminster and Whitehall that the Government would like to announce at least one more cut before the summer recess.

Exhaustion of the medium-term tap—12 per cent Treasury 1987—took the gross nominal amount of stock issued and sold by the Government since Easter to £6bn.

On the equity market, the 30-share index rose 3.3 points to 503.1, although it finished below its highest after profit-taking.

The index has risen 22 per cent since the start of June, underlining the change in market sentiment.

Currencies, Page 33
Stock market, Page 36

U.S. industrial output falls 2.4% in June

BY DAVID BUCHAN IN WASHINGTON

INDUSTRIAL production in the U.S. fell 2.4 per cent in June to a level 7.5 per cent lower than at the start of 1980, the Federal Reserve Board reported yesterday.

The decline, the fifth successive monthly fall in industrial production, is the worst since January 1975, when the U.S. was in a sharp recession.

Last month's output, which fully confirms that the country is in the grip of another recession, would have been even lower but for the hints of a recovery in the hard-hit car industry. Car assemblies rose 7 per cent from a very low May trough to an annual rate of 5.3 units.

Slightly better news from Detroit has been reported for this month. Car sales by the three biggest manufacturers improved in the first 10 days of July over the performance of the past two months, though they were still 19.7 per cent lower than in the same period of 1979.

The Federal Reserve's Industrial Production Index fell to 141.2 from the January level of 152.6. Next Monday, the White House is due to issue its mid-year forecast, which is expected to predict a real decline in gross national product (which includes services) of 3 per cent to 3.5 per cent this year.

Continued on Back Page

Post Office monopoly relaxed

BY JASON CRISP

THE POST OFFICE monopoly over mail distribution is to be relaxed, it was announced yesterday.

The monopoly will be abolished on only a small part of the Post Office's mail business, but the Government will be given powers to remove it completely in the event of a strike or a deterioration of service.

The announcement, made by Sir Keith Joseph, Secretary of State for Industry, in the Commons yesterday, met with hostile reaction from Labour MPs and the Post Office trade unions. It was broadly welcomed by the Mail Users' Association and the Post Office Users' National Council.

The monopoly is to be relaxed in several ways:

● Private operators will be free to carry "time-sensitive or valuable" mail providing they charge a minimum fee, initially to be £1.

● Charitable organisations will be allowed to deliver Christmas cards; although the legislation will not be passed in time for this year.

● Document exchanges will be able to transport mail in bulk between centres.

While the Post Office retains the general letter monopoly, the Government proposes to give the Secretary of State for Industry powers to lift it if the level of service falls below a certain level. Sir Keith said that he was considering setting a standard for the Post Office higher than its internal target of 90 per cent of first-class mail delivered a day after posting.

If mail delivered fell below targets set by the Government it would be given six months to improve the service before losing the monopoly on mail either in a particular area, such as a major city or county, or nationwide. Private companies would then be able to compete for a minimum period of five years.

Mr. John Silkin, Opposition spokesman on industry, described Sir Keith's proposals as a "pretty good pirate's charter."

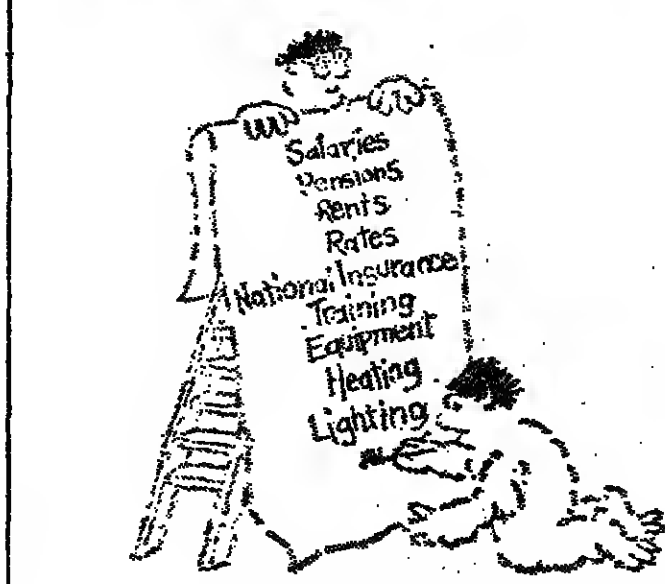
Sir Keith Joseph said that only 1.2 per cent of postal business would be affected by the proposed relaxation of the monopoly.

Although the Union of Communications Workers said it had "grave doubts" about the Government's plan, Mr. Tom Jackson, the general secretary, said: "The Post Office, with its national network intact and with the rural services protected, should be able to deliver both on a price and on a service basis, such firms as may be set up to deal with the areas where the monopoly is to be relaxed."

Commons reaction, Page 9

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EUROPEAN NEWS

Dutch bow to realism in human rights policy

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Parliament recently all but brought the Government down over the symbolic issue of the Netherlands' oil sales to South Africa. The refusal of the Centre-Right Government of Mr. Dries van Agt to order an oil embargo reflects a line only marginally more pragmatic than the usual Dutch idealism over human rights.

Mr. Chris van der Klaauw, the Foreign Minister, is now trying to gain support for an oil boycott of South Africa from the Scandinavian countries and from the Netherlands' Benelux partners.

The Dutch produce only insignificant quantities of oil themselves but they export large volumes of oil products. One of the largest refinery complexes in Europe is situated on the Mars Estuary near Rotterdam. The boycott lobby wants to halt the delivery of the small amounts which go to South Africa.

Royal Dutch Petroleum, the Dutch partner in the Shell group, reckons to export most of the oil products which go to South Africa. But the company's decentralised structure would make it difficult for the Government to put pressure on it to stop deliveries.

Soon after assuming power in January 1979, the present

Government promised to continue the foreign policies of its Labour predecessor, attend to the development of the Third World and support the United Nations and respect for human rights.

Mr. van der Klaauw has since revealed a shift in the Government's priorities. The Dutch had previously applied private diplomacy and occasionally more public forms of pressure to further what they believe to be internationally acceptable standards of behaviour. The emphasis is now on making sure that agreements which have been reached, bilaterally and through such organisations as the UN, are kept to. The

Netherlands has put its weight behind human rights treaties drawn up by the UN and the EEC and is strongly in favour of a UN high commissioner for human rights.

An opinion poll carried out in 1977 showed that 78 per cent of those questioned supported the development aid effort, that 55 per cent were in favour of Dutch involvement in human rights in countries such as the Soviet Union, and that 47 per cent thought the Netherlands was right to question South Africa's Apartheid policies. Many pressure groups are active and the human rights cause has the support of churches and trade unions.

But dependent as they are on foreign trade, the Dutch have had in tinge their idealism with realism. Economic sanctions are considered as last resort.

But the previous Labour-led government, which took a very tough line on human rights, banned the sale of civil aircraft to South Africa on the grounds they could be put to military use. The delivery of nuclear reactor vessels to South Africa was also banned, partly for fear of the proliferation of nuclear technology.

Dutch governments have long held that economic sanctions only make sense if they are effective.

Defending their refusal to impose an oil embargo in the recent parliamentary debate, Government ministers argued it would not be effective since only 0.1 per cent of Dutch oil products go to South Africa. They also argued that a boycott would do more harm to South Africa's black neighbours.

The present Government remains opposed to measures, in the words of Mr. van der Klaauw, "intended in the first instance to satisfy the emotions." It feels international support is essential for any action by the Dutch, who have only limited political and economic influence.

Right-wing regimes, such as South Africa, Chile and others in South America, have been the main target for Dutch actions but there is also active support for the dissidents in Eastern Europe.

The present government has been less willing to ban individual trade deals and recently refused to halt the much-criticised delivery of a corvette to Indonesia. But it is prepared to pay a price for its convictions in the form of substantial development aid. The Netherlands was joint second with Norway in an OECD table of official aid donors, exceeded only by Sweden. Dutch aid amounted to \$1.4bn in 1979, or 0.93 per cent of Gross National Product.

The Dutch are wary of turning development aid into an instrument of approval or disapproval of foreign governments. The main criteria are the country's poverty level and the willingness of the recipient government to pass on aid to its poorest citizens. Special aid has been maintained to the former Dutch colony of Surinam despite the recent military coup. But Cuba's African adventures have proved too much for the present Government and it was scrapped from the aid list.



Premier Dries van Agt, top, and Foreign Minister Chris van der Klaauw.

Spaniard in Olympics top job

MOSCOW — Sr. Juan Antonio Samaranch, a Barcelona industrialist who is Spain's ambassador in Moscow, was elected the new president of the International Olympic Committee (IOC) yesterday. Committee officials said Sr. Samaranch, who is 60 today, was elected on the first ballot to find a replacement for Irish peer Lord Lillanin, who has led the IOC for eight stormy years.

Four other candidates were in the running for the top Olympics job. They were Mr. James Worrall, a Canadian lawyer and regarded as Sr. Samaranch's main rival, Mr. Marc Hodler, of Switzerland and president of the International Ski Federation, Herr Willi Daume of West Germany, the organiser of the 1972 Munich Olympics, and Mr. Lance Cross, a retired New Zealand broadcaster.

Sr. Samaranch became president of the Spanish Olympic Committee in 1966. During his two years in Moscow he has been an important link between the IOC and the Soviet Games Organising Committee. A former boxer and roller hockey player, he speaks English, French and Russian. Reuter

Industrial output rises in second quarter

BY OUR AMSTERDAM CORRESPONDENT

DUTCH INDUSTRY reported an encouraging increase in production in the March-to-May period. Activity in the manufacturing, minerals and gas industries rose a total of 5 per cent above the same period last year, manufacturing alone boosted production by 3.5 per cent, according to provisional figures from the Statistics Office. All sectors of industry produced 2.5 per

cent more in May than in April on a seasonally adjusted basis.

Production volumes in industry are expected to rise only 1 per cent this year, according to the most recent Central Planning Office forecast. The annual rate of production growth has slowed gradually over the past four years from the 3 per cent level in 1977.

The overall picture is positive, says the Economics Ministry, though this conceals widely differing levels of performance. The wood and furniture, paper, printing, rubber and metal industries have done much better than industry as a whole. Below average performances were reported in the foodstuffs, clothing, leather, oil and chemical sectors. The clothing

and leather industries have time and the oil industry has performed badly for some suddenly emerged as a weak sector, the Ministry says.

The cost of living fell slightly in the month to mid-June, though the underlying trend is for a continuing rise in price levels, the Statistics Office said.

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4 AUTOMOBIL RAIL VEHICLE with Ford Motor V8-292, for 10 and 5 passengers.

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SPARES: Spares for DM-149 T motors, Whitcombe locomotives, Jackson apparatus, carriages and wagons or 30 and 20 t, and others.

The equipment can be seen between July 15th and August 14th 1980, from Monday to Friday, from 8.30 to 16.00, at the yards of this Division.

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- (1) CODELCO, CHILE, El Teniente Division, offers for sale the equipment, installations and spares for railway purposes mentioned, in their present condition, which may be seen.
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- (3) The equipments and spares are at the Patio, Rancagua and Coya Stations. The turntables and automatic signalling apparatus are distributed along the railway line between Rancagua and Campamento Sewell.
- (4) Those interested may offer to purchase one or more lots.
- (5) As regards Lots 174-181, for turntables, and lots Nos. 182-186, automatic signalling devices, the selected purchaser or purchasers must strip and dismantle the lots allocated, after submitting a list of the personnel by whom these tasks will be performed.
- (6) The equipments will be delivered by lorry to the site where they are to be on view, once the sales formalities have been completed.
- (7) Offers must be submitted in a closed and sealed envelope, addressed to "Licitación de Equipos y Repuestos Ferroviarios" ("Tender for Railway Equipments and Spares"), Subgerencia Abastecimientos ("Supplies Section"), CODELCO CHILE, División El Teniente, Millán 1040, RANCAGUA, Chile.
- (8) Tenders must clearly indicate the payment conditions offered and the contracts will be drawn up in the name of the selected applicants.
- (9) The offers must be accompanied by a banker's guarantee valid for at least 60 days from the final date for the opening of the offers, given in Par. 11, or a sight draft by the applicant, in favour of CODELCO CHILE, División El Teniente, for 5% of the total value of the offer.
- (10) Offers will be received up to 16.00 hrs on 28.8.80, at the offices of the Subgerencia Abastecimientos ("Supplies Section") of the División El Teniente, Millán 1040, Rancagua, or may be handed in direct, before the opening of the tenders commences.
- (11) Offers will be opened on 28.8.80 at 10.00 hrs at the Sala de Conferencias (Conference Room) of the Edificio 19 ("Building 19") of the Division, and those concerned may be present at these formalities.
- (12) The Division will advise applicants of the acceptance or rejection of their offers, within 20 working days following the opening.
- (13) Successful applicants must attend in order to officialize their commitment within the 20 working days following the date on which they have been informed of their acceptance; if this is not done the Division may retain the 5% guarantee and proceed to allocate the equipment to another applicant.
- (14) The 5% guarantee will be reimbursed in its entirety to an unsuccessful applicant within 45 working days following the opening of the offers.
- (15) In the event of the acceptance of an offer, the 5% guarantee can be written off against the selling price.
- (16) Taxes and expenses arising out of this sale must be borne by the purchaser.
- (17) CODELCO CHILE, División El Teniente, reserves the right to accept or reject any or all of the offers, without giving any reason and without giving rise to any claim by the applicant for compensation of any kind.

Sparks fly over Denmark's Energy Minister

BY HILARY BARNES IN COPENHAGEN

THE MISADVENTURES of Mr. Poul Nielson, Denmark's first Energy Minister, have been entertaining—or appalling—Danish newspaper readers almost daily for months. Even the pro-Government Press and his own Social Democratic party colleagues have been provoked periodically into criticising him openly, but, so far, Prime Minister Anker Joergensen, who brought the 37-year-old Mr. Nielson into his Cabinet last November, has held a protective hand over his protégé.

In establishing the Energy Ministry (previously, energy policy was handled by the Ministry of Commerce), Mr. Nielson immediately showed a determination to give the state a bigger say in oil and gas matters.

First, he set out to obtain government-to-government oil contracts, arguing that this had economic advantages and would improve security of supply. Then he decided to press the Danish Underground Consortium, which has sole rights to search for hydrocarbons in the Danish North Sea, to speed up exploration, threatening vaguely that the Government might seek to change the Consortium's contract.

With such an exacting pro-

gramme therefore, he caused some surprise last winter when, instead of appointing the Ministry of Commerce's leading expert on oil matters as permanent head of the new ministry, he brought in Mr. Ole Rech, a senior Foreign Ministry

contract contained a clause giving Petromin "absolute discretion" to terminate the contract if the Danish Government or its department brought Saudi Arabia into dispute. The opposition claimed the clause made nonsense of

Mr. Nielson caused some surprise last winter when he appointed a Foreign Ministry official without experience in the energy field as permanent head of the newly created Energy Ministry

official with no experience in the energy field.

And earlier this month, Mr. Nielson apparently tried to rid himself of Mr. Gerhard Jensen, managing director of the state oil and gas purchasing and distribution company, Dansk Olie og Naturgas (DONG).

The affair began when DONG signed a contract with Petromin, the Saudi state oil concern, for delivery of 3m tonnes of oil a year. Mr. Nielson returned from a trip to Saudi Arabia in May to declare the contract "clear as a bell" of political conditions.

It emerged, however, that the

security of supply arguments and that the Minister had misled Parliament. It came close to forcing Mr. Nielson's resignation before the summer recess.

But, hardly had Mr. Nielson had time to catch his breath, than he was involved in a new storm. On June 30, in a Press statement, he said he was "considering changes in the Board of management of DONG." This was the first the Board had heard of the idea, and it was interpreted immediately as an attempt to downgrade Mr. Jensen who, as a side issue to the Saudi contract, had become

involved in a peppery exchange of letters with a Copenhagen lawyer, which brought him a reprimand from DONG's chairman.

Mr. Nielson has since denied he was trying to appoint a new managing director over Mr. Jensen's head, although he gave this impression to members of Parliament's Energy Committee.

Such a storm erupted that the Prime Minister had to intervene. Mr. Jensen would stay, the public now learned, but the part-time chairman of DONG will be replaced by a full-time one this autumn. At the same time the Premier denied emphatically that he was planning changes in his Government.

The action has brought a temporary calm to Mr. Nielson's harassed life, but the opposition is expected to launch a new onslaught on him when Parliament returns in October. This time they might well succeed, unless Mr. Joergensen decides before then that a Cabinet reshuffle would be a good idea after all.

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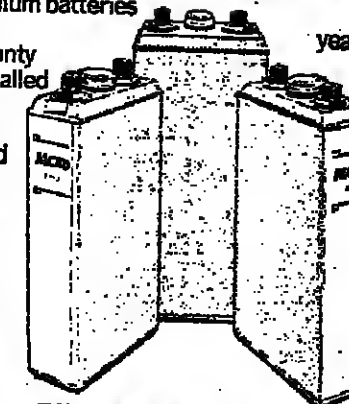
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France simplifies funding for smaller businesses

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government has simplified its banking reform programme a further step forward yesterday with the formation of a new state-controlled organisation responsible for financing the medium- and long-term needs of smaller companies.

The aim of the new body, the *Crédit d'Equipement des Petites et Moyennes Entreprises (CEPME)*, is to simplify the process of funding small- and medium-sized businesses. At the same time, the Government wants to establish a dense network of regional offices which, it believes, will be more responsive to the requirements of these kinds of companies than the present financing organisations.

Announcing the measures yesterday, M. René Monory, the Economics Minister, stressed both the decentralised nature of CEPME and the fact that representatives of small business would be closely associated with its development.

These two points fit in with one of the main aims of his banking reform plan, which has been to try and make the highly centralised French system more sensitive to the needs of industrial development in the regions.

M. Monory has frequently stressed the importance of small-scale industry and commerce as a growth point in the economy.

CEPME is being formed by bringing together three lending institutions which are already



M. Monory: creating no monopoly

basic work, the Government believes that the act of putting their resources under one head will clarify the financing arrangements to smaller-scale industry and commerce. It is widely felt that the present range of financing organisations leads to confusion about the services available.

M. Monory was at pains to stress, however, that CEPME was not creating a monopoly in the market. Companies would be free to go where they wanted for finance and other banks would continue to compete.

The organisation's capital structure will give the state 51 per cent of its assets, mainly because CEPME will now provide the main channel for pumping government money into the small and medium-sized companies. The other big shareholder will be the *Banques Populaires*, the widely-based mutual institutions which have an interest in *Crédit Hôtelier*.

M. Monory said CEPME would be launched with a capital of FFfr. 1.4bn (£145m). It will be able to raise finance through the bond market which will then be passed to the industrial and commercial sector in the form of loans.

At the same time, the Government will be able to use the organisation to allocate the soft loans it makes through its Economic and Social Development Fund.

active in the field of small- and medium-sized companies. These three institutions — *Crédit Hôtelier Commercial et Industriel*, *Caisse Nationale des Marchés de l'Etat* and *Groupe Interprofessionnel des PME* — are pooling their relevant lending activities after a period of long and, at times, difficult negotiations with the Government.

Although the new organisation will continue with the same

West German oil consumption down 8% in first six months

BY ROGER BOYES IN BONN

WEST GERMANY reduced its oil consumption by 8 per cent to 65m tonnes in the first half of this year, thanks partly to energy saving measures and a mild winter.

These factors, combined with the prospect of slower economic growth in the next six months, should ensure that the country easily meets its internationally agreed oil import target of 143m tonnes this year.

Last year, West Germany, in common with many other members of the International Energy Agency, failed to meet its jointly agreed goal of cutting oil consumption by 5 per cent for the year, and ended up importing 145m tonnes of crude.

An Economics Ministry report presented to the Cabinet yesterday showed that consumption of light heating oil in the first six months was 14 per cent below the equivalent period last year. In fact, consumption

was even lower because the current figures include consumer stockpiling, whereas in 1979 those figures were kept separate. However, the mild winter clearly depressed demand for heating oil in the first two months.

Winter, though, also helped boost petrol consumption which rose by 4 per cent during the first half. The harder winter of 1978-79 reduced the number of cars on the road and thus made the increase in petrol use this year — up 13 per cent in January and February — seem particularly dramatic. However, the creeping recession in the motor industry is expected to keep petrol consumption in check during the rest of the year.

Energy-saving measures appear to have had a particular effect on industry's use of heavy heating oil, which fell by 12 per cent compared to the first

six months of last year. Economics Ministry officials say there are two main factors at work: industry is investing more in fuel-saving machinery and, at the same time, is switching to coal and gas-based processes.

The fall in oil consumption is reflected in the drop in crude imports, figures for which were also released this week. These showed that oil imports fell by 6 per cent, that is, slightly less than consumption.

The Economics Ministry made clear at yesterday's Cabinet meeting that it was happy with the current West German supply situation. Consumption trends had evidently been influenced by higher prices. But even with a 12.5 per cent increase in the price of petrol since the start of the year, petrol is still among the cheapest in the European Community.

Lebanese Cabinet's resignation accepted

Lebanon's President, Mr. Elias Sarkis, yesterday accepted the resignation of the Government of Dr. Selim al-Hoss. Renier reports from Beirut. Dr. Hoss, aged 51, tendered his Government's resignation 10 days ago, but the President deterred a decision at that time.

It was Dr. Hoss's third Cabinet since he became Prime Minister three-and-a-half years ago. A former governor of Lebanon's central bank, he was taken to hospital last month suffering from acute asthma which

Algeria army staff

President Chadli Bendjedid of Algeria announced the re-establishment of an army general staff and the appointment of two new deputy Defence Ministers. AP reports from Algiers.

The general staff was abolished in 1967 when the chief of staff tried to oust President Houari Boumedienne.

Israeli inflation

Israel's consumer price index jumped by a further 4.6 per cent in June, L. Daniel reports from Tel Aviv. That was half the rate of inflation of the two preceding months, but was the highest June figure since 1952 and brought the cumulative rise since the beginning of the year to 50 per cent.

Hospital strike ends

Sri Lanka's state-run hospitals, which were paralysed by a nurses' strike on Tuesday, were functioning normally yesterday. Reuters reports from Colombo. The nurses are seeking higher pay and better promotion prospects.

Begin rebuke stresses autonomy rift

BY OUR TEL AVIV CORRESPONDENT

AN INDIGNANT public rebuke administered to President Anwar Sadat by Mr. Menachem Begin, Israel's Prime Minister, has shown in the clearest fashion yet the two leaders' irreconcilable views on Palestinian autonomy.

The Egyptian leader's outburst followed a clash between the chief Egyptian and Israeli negotiators in the talks on Palestinian autonomy at the end of their last session in Cairo on Tuesday. The open row between Mr. Shmuel Tamir, Israeli Justice Minister, and Dr. Boutros Ghali, Egyptian Minister of State for Foreign Affairs, was over the status of Jerusalem.

The latest exchanges failed to reach agreement even on the agenda for a resumption of talks. Specialists are to meet again in a fortnight in an attempt to settle procedural issues.

Mr. Begin quoted at length from the Camp David summit accords of 1978 to support his claim that Israel was acting in

strict compliance with the agreement. In his interpretation of Camp David, "full autonomy" for Palestinians of the West Bank and the Gaza Strip meant purely local administrative powers with all real control remaining in Israeli hands.

He said that the Egyptian demands for legislative powers to be accorded to the proposed Palestinian self-governing authority and for curbs on the movement of Israeli troops in the West Bank contradicted the letter of Camp David. The Begin interpretation of the accords is not widely shared abroad, even in Washington.

As for Israel's "right" to rule the West Bank, Mr. Begin declared: "The President of Egypt expects me to renounce my faith that Eretz Israel (the Land of Israel) is the land of my fathers. It is my duty to answer him, with respect and friendship, that such an expectation would be in vain. For, indeed, Eretz Israel is the land of our forefathers. Every Jew, Christian, and Moslem knows

this truth."

Mr. Begin's outspoken declaration has emphasised that the differences between Israel and Egypt are too fundamental to be healed by diplomatic balm. The Israelis take little trouble to hide the fact that they had expected Mr. Sadat, in exchange for the return of Sinai, to settle for superficial autonomy for the West Bank and Gaza.

Our Foreign Staff writes: General Kamal Hassan Aly, Egypt's Foreign Minister, yesterday rejected Mr. Begin's assertion that the Egyptian Government had changed its position on key negotiating topics like the status of Jerusalem.

He asserted that Egypt, rather than Israel, was correctly reading both the Camp David accords and Security Council resolution 242.

Earlier he talked to U.S. officials who were seeking ways to find common ground for the continuation of the talks.

The status of Jerusalem is one of the major omissions of

the agreement signed by Mr. Begin and President Sadat which provided the basis for the Egyptian-Israeli bilateral peace treaty and was meant to provide the framework for negotiations about the future of the West Bank and Gaza Strip.

AP reports: Israel is taking diplomatic action in an attempt to block the French sale of weapons-grade nuclear fuel to Iraq.

"Israel cannot allow itself to sit and wait for an Iraqi atomic bomb to fall on our heads," Mr. Mattityahu Shmuelovitch, a senior aide of Mr. Begin said yesterday.

Mr. Moshe Arens, Chairman of the Knesset Foreign Affairs and Security Committee, said the U.S. was also lobbying with France against the impending sale.

Israel fears that once Iraq has both uranium and the French-built reactor due to be completed there next year, it will go ahead to develop nuclear arms.

Bani-Sadr promises early trials for conspirators

TEHRAN — Trials of conspirators involved in last week's abortive military coup against Ayatollah Khomeini's regime in Iran are to begin immediately, President Abol Hassan Bani-Sadr announced yesterday.

The President, who was speaking after the country's borders and air space had been closed for 48 hours, said the plotters would be dealt with decisively. His comments followed a 30-minute meeting with the Ayatollah. Mr. Bani-Sadr said they had discussed the condition and running of the armed forces.

No official figures have been given for the number of people arrested after the coup had been foiled. But one official has

said the number was about 320. Mr. Ali Akbar Moinefar, Iran's Oil Minister, said the arrival and departure of oil tankers would not be affected by the 48-hour closure of Iran's air, sea and land frontiers.

The official news agency reported that 21 people had been given 15 lashes each for eating in public during the current fasting month of Ramadan.

In Cairo, a doctor attending the former Shah said he underwent limited surgery early yesterday to clean a new abscess that had formed on his thigh. "It's something small, nothing serious," the Egyptian doctor said.

Kampuchean relief talks start in conciliatory mood

BANGKOK — Officials of international relief agencies, led by Sir Robert Jackson, the United Nations co-ordinator, started talks with the Thai government yesterday on the Kampuchean relief operation.

Diplomats said the mood of talks was conciliatory. The relief officials were taking a much softer line on controversial aspects of the operation than they had earlier this month.

They were now willing to reopen a "land bridge" across the border provided Kampuchean relief agencies were arriving at the border seeking food.

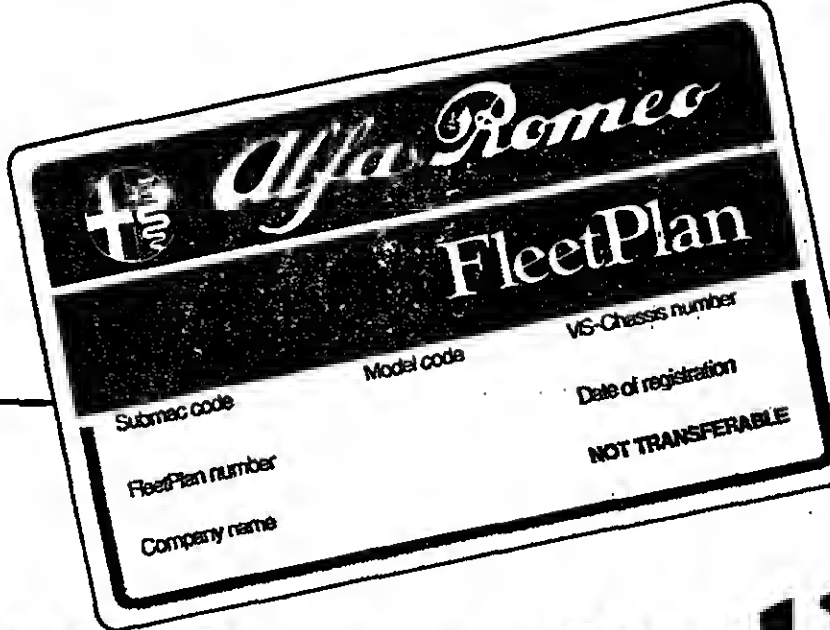
There was also no talk of an October deadline by which the agencies would re-assess their

involvement in the feeding of tens of thousands of Kampuchean now camped on the Thai border, many of them under the control of armed guerrillas.

The October deadline was set at a meeting in New York earlier this month at which the relief agencies agreed to move toward the principle of no aid to armed groups and to ensure effective monitoring of food distribution.

This agreement has already halted aid to an area controlled by guerrillas loyal to the ousted Khmer Rouge Government.

The Thai Government has insisted that aid should go to both sides in accordance with its declared neutrality.



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Government steps into Norwegian oil dispute

BY OUR OSLO CORRESPONDENT

THE NORWEGIAN Government yesterday moved to end a 14-day-old strike by 2,000 of its North Sea oil workers that has halted production on the Ekofisk, Frigg and Statfjord fields, causing losses of Nkr 2bn (£175m).

Mrs. Inger Louise Valle, the Labour Minister, said a Cabinet meeting tomorrow would refer the conflict to the National Arbitration Board, whose decisions have the weight of a judicial ruling. The striking workers have been asked to resume work immediately. In any case, the strike will become illegal as soon as the conflict has been referred to arbitration.

The decision will not affect a second strike in the North Sea which started on July 10 involving 2,000 Norwegian seamen and officers working on 28 mobile rigs on the Norwegian and British sides of the North Sea, north of the 62nd parallel and in distant waters. Mrs. Valle said this dispute would not be referred to arbitration for the time being.

The striking workers on the Ekofisk, Frigg and Statfjord fields are seeking a wage increase of 33 per cent, a working week reduced from 36 hours to 28 hours, and a new work schedule permitting offshore personnel to spend 12 days ashore and 24 days at sea.

Martin Dickson adds: The Murchison oil field, which lies largely in the UK sector, became the latest victim of the Norwegian seamen's strike yesterday when crewmen aboard its "floating hotel," the Borgland Dolphin, took industrial action. The vessel had been housing half of the 360 workers who are preparing Murchison for the start of production later this year.

However, Conoco, the operator for the field, had sufficient warning of the stoppage to transfer the men housed on the Borgland Dolphin to a crane barge, the Berge Worker, which will be used as a floating hotel until the end of August. The strike therefore seems unlikely to affect the field's commissioning schedule.

Portuguese investment setback

By Our Lisbon Correspondent

PORTUGAL SUFFERED a severe blow to its hopes for attracting major West German investment yesterday, when Herr Hans-Dietrich Genscher, the West German Foreign Minister, left Lisbon without signing an indemnity and protection agreement.

The document, drawn up earlier this year, was due for signature during the four-day state visit here by President Karl Carstens which ends today. But disputes over the amount of compensation to be paid for West German assets nationalised after the 1974 revolution, have delayed its finalisation and frustrated Government hopes for substantial West German investment before October's general election.

The agreement is designed to protect West Germans from future nationalisation in Portugal and new investment is conditional upon its signing.

VIOLENCE IN TURKEY

Right-wing private army claimed

BY METIN MUNIR IN ANKARA

AN EXTREME right-wing leader in the central Turkish town of Yozgat claims to have set up a 5,000-strong private army which is keeping people under surveillance and even making arrests.

Mr. Ruhi Bacanli, provincial head of the Nationalist Action Party (NAP) in Yozgat, made his claim yesterday in the mass circulation daily newspaper, *Hurriyet*.

He has succeeded where the State failed," Mr. Bacanli was quoted as saying. "We formed an intelligence organisation. At this moment my personnel number 5,000."

Mr. Bulent Ecevit, the main opposition leader, has said recently that Yozgat is "under fascist occupation." His party's headquarters in the town, 140 miles east of Ankara, has stopped functioning after it was destroyed by right-wing mobs.

Yozgat's population is 32,600, which means, if Mr. Bacanli is to be believed, that one out of

every 85 inhabitants is a member of the NAP's local private army.

The Nationalist Action Party led by 63-year-old Mr. Alparslan Turkes, is an important factor in keeping Mr. Suleyman Demirel's right-wing minority government in power. Mr. Turkes's followers are generally believed to be among the principle combatants in the clash between extremists on the Left and Right, which is claiming more than 250 lives a month.

Hurriyet quotes Mr. Bacanli as saying: "We assist the state's security forces. Because we have good intelligence we are able to direct security forces to houses where there are criminals or instruments of crime. We take measures around such houses so that criminals do not escape or destroy their instruments of crime. Then the police come and take the criminal away."

He complained that sometimes the police would not carry out their duties. "I don't let

such policemen get away with it. Right now I have 25 policemen under investigation."

Apparently warning to his subject, Mr. Bacanli is quoted further: "Would you believe it, sometimes the police are afraid. When that happens we go out and catch people for them."

In the most revealing statement yet made by an NAP official, Mr. Bacanli says that his men, who are not paid, "keep everybody who steps foot into Yozgat under surveillance."

The head of Mr. Ecevit's Social Democratic Republican People's Party in the province claimed in a *Hurriyet* interview that he and other members of the party live in fear of their lives.

The NAP headquarters in Ankara said yesterday that the party had set up a committee to look into the matter. But neither the party nor Mr. Bacanli denied the *Hurriyet* report.

OVERSEAS NEWS

AMERICAN NEWS

International talks urged on Afghanistan issue

BY K. K. SHARMA IN NEW DELHI

THE THREE-MAN committee of the Islamic conference formed to deal with the Afghanistan issue wants an international conference to take up the matter. Among those taking part would be the Soviet Union, the U.S., members of the Security Council, countries around Afghanistan and some non-aligned countries.

This was stated here yesterday by Mr. Agha Shahi, Pakistan's Foreign Minister, who is a member of the three-man committee which has been holding talks with various world leaders. Mr. Shahi ended two-day talks with Indian leaders yesterday. Their discussions focused mainly on the Afghanistan issue.

The other members of the committee are Mr. Habib Chatti of Tunisia, who is secretary general of the Islamic conference organisation, and Mr. Sadeq Oubadeh, Iran's Foreign Minister.

Mr. Shahi told a Press conference that Russia had sought guarantees of non-interference

in Afghanistan from the U.S. in its latest proposals. Pakistan wanted similar guarantees and hence both envisaged that the super-powers had a role to play in settling the issue.

The purpose of Mr. Shahi's visit to Delhi was to hold discussions on regional developments, mainly in the context of the Afghanistan invasion, and on bilateral relations. Hardly any progress has been made on the latter because of the issue of Kashmir and the suspicions of each country about the other's arms build-up.

A speech by Mr. Shahi at a banquet given in his honour by Mr. Narasimha Rao, the Indian Foreign Minister, was noted with "disimay" by the latter after the Pakistani Minister had made references to Kashmir and had proposed a mutual reduction of troops.

The Indian side obviously feels that this is airing in public matters which should only be discussed in private. Thus Delhi feels that Pakistan has turned the clock back on the process of normalisation.

Peking approves tighter rules for publications

PEKING — China yesterday issued a new set of publishing regulations which appear to sound the death knell for the few unofficial magazines still in existence. The People's Daily said the regulations, passed by the State Council (China's Cabinet), were aimed at "speedily halting the indiscriminate publication of certain books and magazines, and illegal sales of all types of publications."

The new rules call for publications to be registered and prohibit Government and other organisations from privately producing books and magazines for sale. A member of the editorial staff of the poetry and prose magazine, Today, the only unofficial journal still being produced in Peking, said he expected his magazine would try to register.

Reuter

Shorter hours warning to Australia's employers

BY PATRICIA NEWBY IN CANBERRA

THE AUSTRALIAN Government has taken a tough stand against a campaign for a shorter working week which is being led by 300,000 workers in the metal trades.

Mr. Philip Lynch, Minister for Industry and Commerce, announced yesterday that any company which entered an agreement for shorter hours would be referred to the Prices Justification Tribunal for public inquiry into its pricing policies.

Decisions by the tribunal are legally binding, but companies do not like being called before

it because of the cost, extra administration and possible public embarrassment.

The Government has also threatened to withdraw tariff protection, Government contracts and other benefits from companies which accede to union demands for a 35-hour week instead of the current 40 hours.

Several industries, especially those which are capital intensive like mining, are known to be willing to grant the 35-hour week for the sake of industrial peace.

Reuter

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Miami policeman arrests a suspected looter.

Carter sends \$6.7m in drought relief

BY OUR FOREIGN STAFF

President Jimmy Carter yesterday ordered that \$6.7m (£1.1m) in federal aid be made available to provide relief in six southern states affected by the current heat wave.

The money is to be used for transporting those in danger to air-conditioned relief centres and to help the poor buy fans and air conditioners, and pay electricity bills. The states receiving the aid are Texas, Missouri, Arkansas, Oklahoma, Louisiana and Kansas.

More than 650 people are believed to have died in the heat wave over the past three weeks.

States of emergency have been declared in Missouri, where more than 150 have died and Alabama.

President Carter has also told the Agriculture Department to speed up distribution of assistance to farmers hit by the drought. So far, loss to crops, livestock and poultry in the south and midwest amounts to some \$2bn.

The U.S. National Weather Service says that no relief is in sight, at least until the end of the week. Temperatures were as high as 110 degrees Fahrenheit in Kansas City yesterday.

David Buchan reports on Tuesday's racial flare-up Police shot in new Miami violence

EXTRA POLICE were yesterday dispatched to Miami's black areas, bus services were suspended and schools closed following the injury of five white policemen on Tuesday in a brief recurrence of the racial violence that in mid-May caused 18 deaths and nearly \$100m (\$42m) damage to property.

Stones and bottles were thrown and shots fired at the policemen trying to arrest three blacks for holding up a white taxi driving through Liberty City, the main black area of the Miami. The disturbances then spread to the city's other black neighbourhood, Coconut Grove.

Thousands of tourists, many from Britain, holidaying in the separate Miami Beach area, were unaffected. But the flare-up of violence underlined that little has changed since May. Almost none of the Liberty City damage has been repaired and few unemployed blacks given jobs, as federal and local politicians had promised. Tension still runs high between the largely white police force and the city's black community.

Guns looted in the May riots may have made it worse. Sergeant Fred Polyn, who was shot in the back on Tuesday, said: "I feel sorry for the other policemen out there. There's a lot with a chance to get shot." Another colleague was quoted as saying bitterly that the city authorities "want us to be social workers with a badge."

The city police force and its legal chiefs are under various forms of investigation and supervision by the federal Government and Florida state. The case that sparked the May riot, the beating to death of a black, Mr. Arthur McDuffie, by white police officers, has been reopened before a federal grand

jury. Extra FBI agents and civil rights lawyers were sent down

In addition, the conduct of Mrs. Janet Reno, who is the chief prosecuting officer for Miami's surrounding Dade County, is being probed by a commission set up by Governor Bob Graham of Florida.

But Tuesday's violence is a reminder of the danger of leaving unattended the economic roots of discontent in Miami's black community, which has evidently felt itself neglected and pushed aside in favour of the growing Cuban influx. Despite two visits to the city since the May riots, President Carter has not made federal disaster aid available.

Instead, the Small Business Administration was supposed to provide low-cost loans and loan guarantees to help rebuild businesses looted or destroyed in

May. But the SBA has run short of money from Congress, and no such loans had yet been made, according to Miami officials.

A recent survey by the Miami Herald showed that virtually none of the Liberty City businesses razed to the ground in May intended to start again there, and that little repair of more minor damage had begun.

Some 3,000 blacks lost their jobs because of the May violence. Miami's large white business community at first pledged to hire as many of them as possible. But, recession, hitting southern Florida as it is the rest of the country, has evidently ruled this out. Big companies based there, such as Eastern Airlines, have claimed they were lucky not to be laying people off, and would certainly not be hiring more.

Anderson to meet Thatcher

MR. JOHN ANDERSON, the U.S. independent Presidential

candidate, arrived in Britain yesterday for talks with Mrs. Thatcher and Lord Carrington, the Foreign Secretary. He will stay for 24 days.

Yesterday Mr. Anderson said he had been most impressed during his talks with European officials and business leaders by the importance they attach to a stable U.S. dollar.

The major problem between Europe and the U.S. was "the failure of recent economic decision-making in the U.S. to create the kind of stable economic conditions that would sustain a sound and stable dollar," he said.

Pinochet orders secret service reorganisation

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet has announced the reorganisation of Chile's intelligence services in the wake of the assassination of the director of the army school of intelligence by gunmen on Tuesday.

Lieutenant Colonel Roger Vergara Campos was killed in a residential area of Santiago when his car was ambushed by at least two men firing Soviet Akia machine guns.

Gen. Pinochet said the country's intelligence organisation would be placed under a single authority. These groups include the national information centre (CNI), established three years ago when the more notorious secret police organisa-

tion, the DINA, was dissolved, as well as intelligence branches of the armed forces and military police.

Earlier this year gunmen fired on an office of the CNI with machine guns, and in another attack, members of the proscribed movement of the revolutionary left (MLR) shot and killed a policeman guarding an eternal flame monument to the 1973 military coup.

In announcing the reorganisation of Chile's intelligence services, Gen. Pinochet chided the country's inactive political parties, saying that the killing proved that the "Marxist threat" to the country persisted.

Venezuela and Mexico plan oil sales pact

CARACAS — Mexico and Venezuela are close to signing an agreement to supply oil under special financial terms to other Caribbean nations, Sr. Humberto Calderon, Venezuela Minister of Energy and Mines, said here.

President Luis Herrera Campins of Venezuela and his Mexican counterpart, Sr. Jose Lopez Portillo, will announce the agreement at San Jose, Costa Rica, on August 3, he said.

"The financial terms we are going to offer are unique, and reflect Mexican and Venezuelan solidarity with the countries in the region, which are of great economic and political significance," said Sr. Calderon. Reuter

Republican harmony on Reagan's big day

BY JUREK MARTIN AND REGINALD DALE IN DETROIT

WITH THE Götterdämmerung of a spectacular early morning thunderstorm providing a fitting backdrop, Mr. Ronald Reagan was last night jubilantly awaiting the climax of his political career to date—his selection as the Republican Party's Presidential candidate in 1980.

Only a handful of the 1,994 delegates attending the party convention were expected to vote for somebody else. So Mr. Reagan has remained in his hotel room, taking advice on his choice of a running mate and watching the convention proceedings on television.

Mr. George Bush, who fought longest against Mr. Reagan in the primaries, seemed the most popular choice of the delegates, and of former President Gerald Ford. But the names of Congressman Jack Kemp from New York, Congressman Guy Vander Jagt from Michigan and Mr. Donald Rumsfeld, were also being bandied around by everybody other than the Reagan inner circle, which was resolutely silent and keen to preserve the suspense.

The convention has been notable for the dominance of the party's Right wing and for the rallying behind the Reagan candidate of elements of the party who have previously harboured misgivings about him. They are now opting for unity in pursuit of the goal of unseating President Jimmy Carter, the butt of every speech and meeting.

Tuesday night's proceedings reflected the tone of this convention perfectly. Republican moderates saw a brief attempt to open debate on the party's platform comprehensively crushed. Only the delegations from Hawaii and Massachusetts spoke up in protest against the platform's opposition to abortion and its repudiation of the Equal Rights Amendment for women.

Even that erstwhile party heavyweight, Senator Charles Percy, from Illinois, found himself unable to swing his own state delegation behind him to object to one extremely contentious passage—which recommends that federal judges be appointed only after they have first certified their belief in anti-abortion, pro-family positions.

But the rest of the session,

which in very un-Republican manner ran so far behind schedule that the planned keynote speech by Congressman Vander Jagt had to be postponed until last night, was a picture of perfect harmony. The leading musicians were Congressman Kemp, Senator Barry Goldwater and Dr. Henry Kissinger.

To capture applause, an unrepentant Mr. Goldwater, just out of his hospital bed, spelled out the same right-wing message that lost the Republican the 1964 Presidential elections under his leadership. If America had been strong and well led, there would have been no World War II, Vietnam would have been over in a matter of days and there would today be no hostages in Iran, he claimed.

Striking the apocalyptic note that has so frequently been heard here this week, he warned that the danger was now so great that this could be the last Republican convention. There were selfish interests in the U.S. working against the American system, and he wanted to know the truth about them.

The Democrats had inflicted

an enormous wound on America by destroying the country's eyes and ears, the CIA. Meanwhile ordinary Americans were sick of the extravagant waste of public money being handed out to those who did not want to work.

Congressman Kemp's moor heralded "spontaneous" floor demonstration in support of his Vice-Presidential ambitions, turned out when it came, to be less dramatic and shorter than many had feared. The Reagan camp had sent him the word that if the stamping, shouting, flag-waving and horn-blowing from his conservative supporters lasted more than 10 minutes it would be considered "unseemly." In the event it subsided after only two.

But Mr. Kemp was thought to have done himself some good with a speech that closely mirrored Mr. Reagan's views, with heavy emphasis on the American dream and the need to restore it. "The American dream was never that everyone would be levelled to the same position in life," he said. "The American idea was that each individual should have the

same opportunity to rise as high as his effort and initiative, and God-given talent could carry him.

"Again and again, in word and deed, Jimmy Carter has clearly stated his belief that people are the problem, and that austerity is the answer. Austerity is not the answer. The American people are not the problem. They are the answer," he said.

Striking a more intellectual note, Dr. Kissinger argued the strategic case for a much stronger U.S. defence. If the country's current weakness continued, "sooner or later it will produce catastrophe." He went on: "Our current foreign policy specialists in responding to disasters it has helped produce."

Most notably, in throwing his weight solidly behind Mr. Reagan and the Republican Party, Dr. Kissinger conspicuously abandoned his traditional insistence that U.S. foreign policy should be a bipartisan matter.

Arguing the need to restore mutual confidence and co-opera-

tion in the Western alliance, Dr. Kissinger dropped from his speech (possibly because he was speaking so late in the evening) prepared remarks in which he had clearly intended to criticise the Europeans for their recent Middle East peace initiative and France for President Giscard d'Estaing's May visit to Warsaw for talks with President Brezhnev.

Again, the need for harmony prevailed over the right's virulent dislike of Dr. Kissinger's detente policies. The expected boos and catcalls did not materialise, giving ground to polite applause as the clock ticked towards midnight.



Tony Hawkins in Salisbury and Bernard Simon in Johannesburg report on two reluctant bedfellows

Mugabe finds maize comes before politics

THE LONG queues of whites formed outside South Africa's diplomatic mission in the Zimbabwe capital last week were dramatic evidence of white concern at the latest twist in Zimbabwe's relations with its powerful neighbour to the south.

Yet Mr. Mugabe's recent announcement that the South African diplomatic mission in Salisbury had been told to "pack its bags" came as no surprise: the break was inevitable once his ZANU-PF party won the elections. Mr. Mugabe's tough line against South Africa at the Organisation of African Unity summit in Freetown earlier this month indicates what is expected of him in black Africa.

But Zimbabwe will remain at South Africa's economic mercy, at least for the immediate future. In Freetown, Mr. Mugabe spoke out against all sanctions against South Africa. Zimbabwe is heavily dependent on fuel imports using the South African port and rail systems. Despite the diplomatic breach, trade and transport links and representation are to remain.

What remains to be seen is whether Pretoria will be driven to hard-line retaliation against Zimbabwe and whether the Mugabe Government has more strings to its bow in policy towards the white south.

Some 90 per cent of Zimbabwe's import-export traffic uses South African transport routes, along with a significant proportion of traffic for Zambia and Zaire.

Zimbabwe's main rail links, the Beitbridge and the Plumtree-Botswana lines, both pass through South Africa to the sea. There are two alternatives. The Maputo line, closed since March 1976 when Mozambique shut its border with Mr. Ian

Smith's Government, was badly damaged in the war and is not due to reopen until next year. Even then, there are serious doubts about the handling capacity of both the port of Maputo and the track itself.

The closer and cheaper alternative runs via Umfolozi to Beira on the Mozambique coast. The port can only handle vessels of a maximum 5,000 tonnes but when dredging is complete next April, it should take 25,000-tonne vessels.

The reopening of the Beira-Umfolozi oil pipeline will also be a major step towards reduced reliance on South Africa, but this, too, looks to be some time away. Tests of the pipeline, closed for 15 years, are due to start in the next two months but it seems unlikely to open this year and there could be very considerable delays and costs involved. The Frukia oil refinery at Umfolozi will not be back in operation until late next year, at the earliest.

All of this means that Zimbabwe's near-total depend-



Mr. Robert Mugabe

ence on South Africa transport will continue for the next year, and that the pace at which this dependence is reduced will hang on the efficiency and capacity of the Mozambique ports and railways.

Trade ties are less vital. Last

year, South Africa is thought to have purchased roughly a quarter of Zimbabwe's exports and provided between 30-40 per cent of its imports. It is not known what proportions of this trade represented traffic through middlemen to evade sanctions. But clearly, South Africa is far and away the most valuable market for an important number of Zimbabwean manufacturers in the clothing, footwear, textiles, furniture, and radio industries.

Industrialists are now hastily trying to shift the emphasis back to the northern markets, but this is forcing them to deal with purchasers who all too often lack the creditworthiness and foreign exchange to replace the buoyant South African market. Zimbabwe is nursing hopes of breaking into export of capital goods in place of South African suppliers, but is unable to compete in respect of export credits.

On the import side, Zimbabwe has already been working to

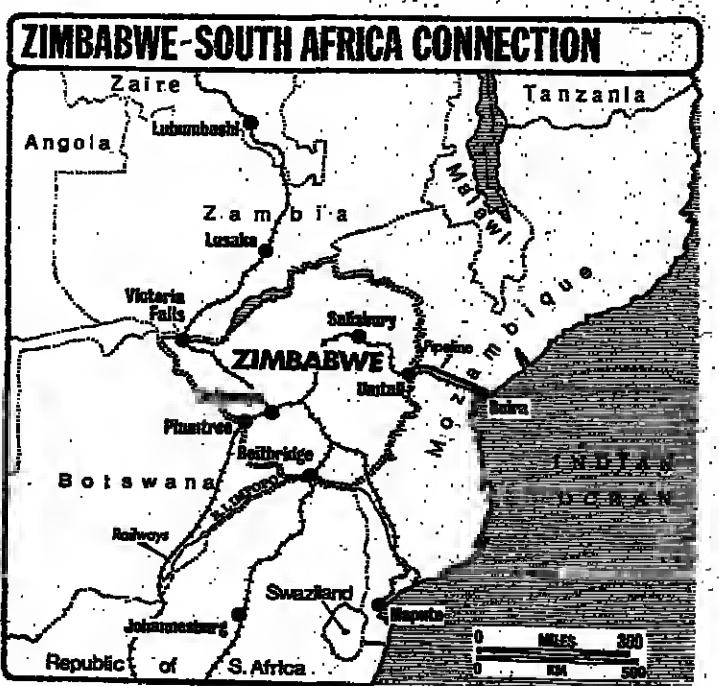
find new sources of supply and to reduce the unhealthy dependence on South Africa that grew up under sanctions. But this policy will often be hampered and spate parts and components previously supplied by South Africa, will be hard to replace. In the last year, Zimbabwe has even been forced by a poor harvest to import maize from South Africa.

Financial links are also far less close now than in the period when South Africa was the normal channel for sanctions evasion. Rhodesia did borrow heavily from South Africa to finance the war and budget deficit in the last two years and there are outstanding credits to be repaid. Last week, the Minister of Finance, Sen. Nkala, reiterated that Zimbabwe would repay all its outstanding international obligations. This, presumably, includes the South African war loans. But the deterioration in relations may well bring to an end capital inflows

from South Africa which played a crucial role in financing Rhodesian expansion. As a result, Zimbabwe will be looking more than ever to Britain, the EEC, the U.S., Japan and the international agencies for foreign financial assistance.

South Africa is vulnerable in any further deterioration in relations because of the large numbers of South African nationals or South African-born Zimbabweans in the country and because of its investments there. Recent figures from Pretoria show that 80,000 whites in Zimbabwe are South African citizens. Pretoria will want to retain some form of representation in Salisbury to look after these people and also the many other white Zimbabweans contemplating emigration to South Africa.

At a rough estimate, about one-third of Zimbabwe's capital stock is South African-owned and many major groups in mining, agriculture and manu-



facturing are South African-controlled.

Mr. Mugabe is most unlikely to threaten action against these interests, given his own exposure to retaliatory moves over the use of South African transport and the import of such

essential goods as maize. None the less, the message for South African-owned and controlled businesses is clear enough. They cannot expect to win major contracts unless, or until they sever their direct ties with South Africa.

A search for stability beneath Pretoria's war of words

THE RECENT flurry of accusation and threats between Pretoria and Salisbury has done nothing to keep relations between the two governments on the even keel both would probably prefer. But the South African Government must take its share of the blame for the rising tensions.

It has done little since Zimbabwe's independence to discourage the attitude prevalent among South African whites that Mr. Mugabe is a revolutionary Marxist bent on seizing whites' property and chasing

them over the border. They have also been warned, since the war in Rhodesia started in 1973, that Mr. Mugabe and Mr. Joshua Nkomo, the leader of the Patriotic Front, are the allies of the "communists" and represent part of what the Prime Minister, Mr. P. W. Botha, calls the "total onslaught" against South Africa.

Despite Salisbury's assurances that it will not allow anti-South African guerrillas to establish bases inside Zimbabwe, South African Cabinet Ministers make few opportunities of publicly

reminding Mr. Mugabe of the consequences of sanctioning such bases.

Domestic politics largely explain the fuss ministers are making. The Prime Minister is already under pressure from the right wing of his National Party to slow the pace of the race reforms which he started last year. He would further antagonise the ultra-conservatives if he seemed to be warming to Mr. Mugabe.

Equally, Zimbabwe exerts a special emotional pull that Mozambique, for example, does

not. A senior South African diplomat, when asked 18 months ago why his country was so opposed to the advent of a Marxist government in Zimbabwe when South Africa appeared to be co-existing happily with Mozambique, replied: "There are not thousands of Afrikaners living in Mozambique."

Yet real retaliation against Zimbabwe for the closing of the South African mission in Salisbury is most unlikely. Pretoria has several levers. It can slow down the transport of

Zimbabwe's imports and exports, cut back the number of Zimbabwean workers in South Africa, or discourage South African tourism north of the Limpopo.

A nationalist newspaper in Johannesburg suggested last week that "if there is no move in Salisbury to initiate talks (on future political and economic links) Pretoria may well reject Mr. Mugabe's option of retaining trade links in favour of an 'all or nothing' standpoint." But like the frequent anti-

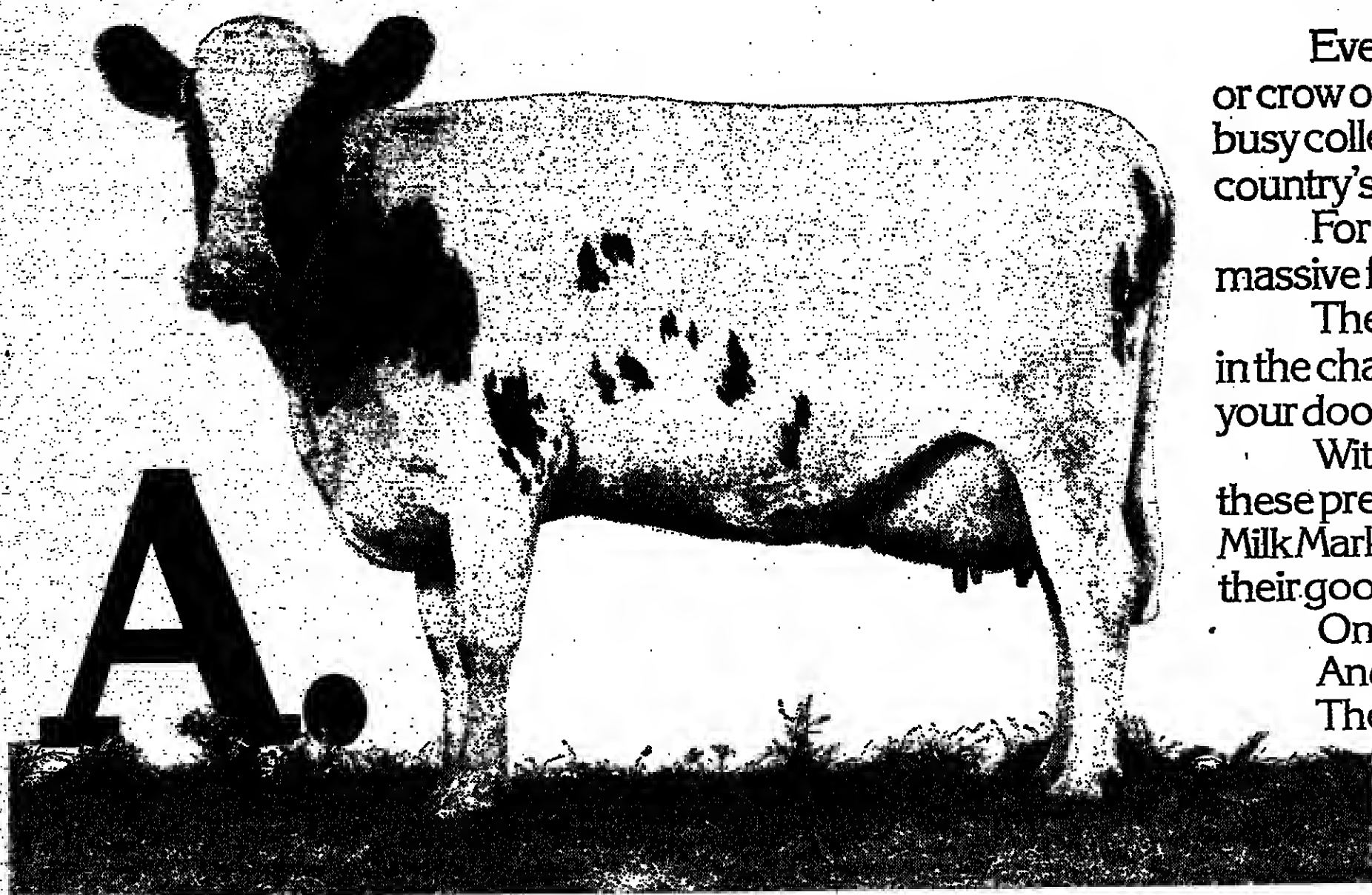
commentaries, this attitude is probably intended mainly for white South African consumption. South Africa's main interest in Zimbabwe is stability, and any hostile move would invite strong international condemnation.

Nevertheless, on the economic front, the South African Credit Guarantee Insurance Corporation (CGIC) has decided in consultation with the Government to place new restrictions on its credit cover for South African exports to Zimbabwe. It is an indication that these are not

intended to inhibit trade, but simply to limit its exposure to Zimbabwe. But a CGIC spokesman has admitted that the decision was taken on political as well as economic grounds.

According to South African officials, few discussions have been held with the Mugabe Government on matters such as the existing preferential trade agreement or on South Africa's large outstanding loans to Zimbabwe. Pretoria has no intention of abrogating the trade pact.

مكتبة الأصيل



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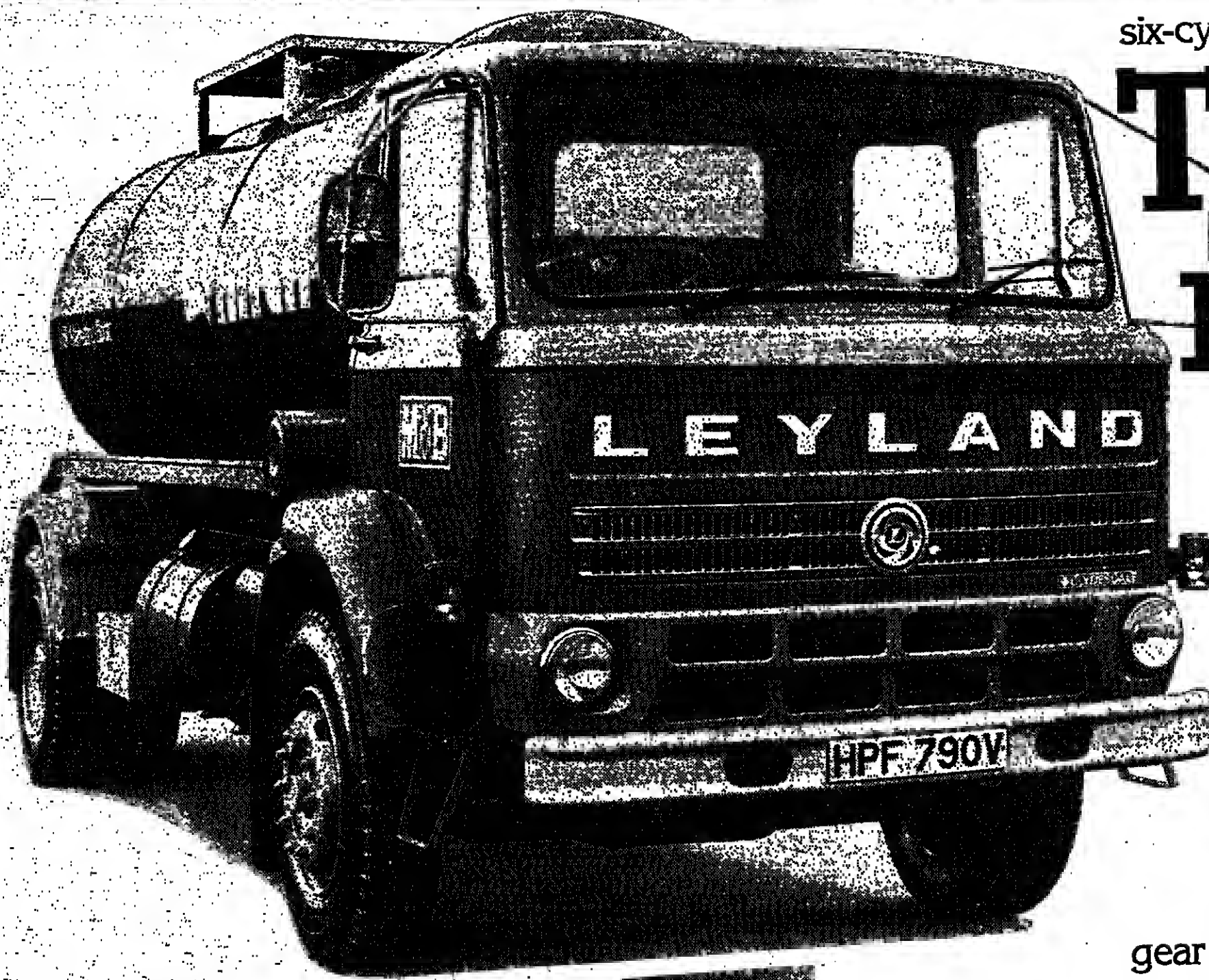
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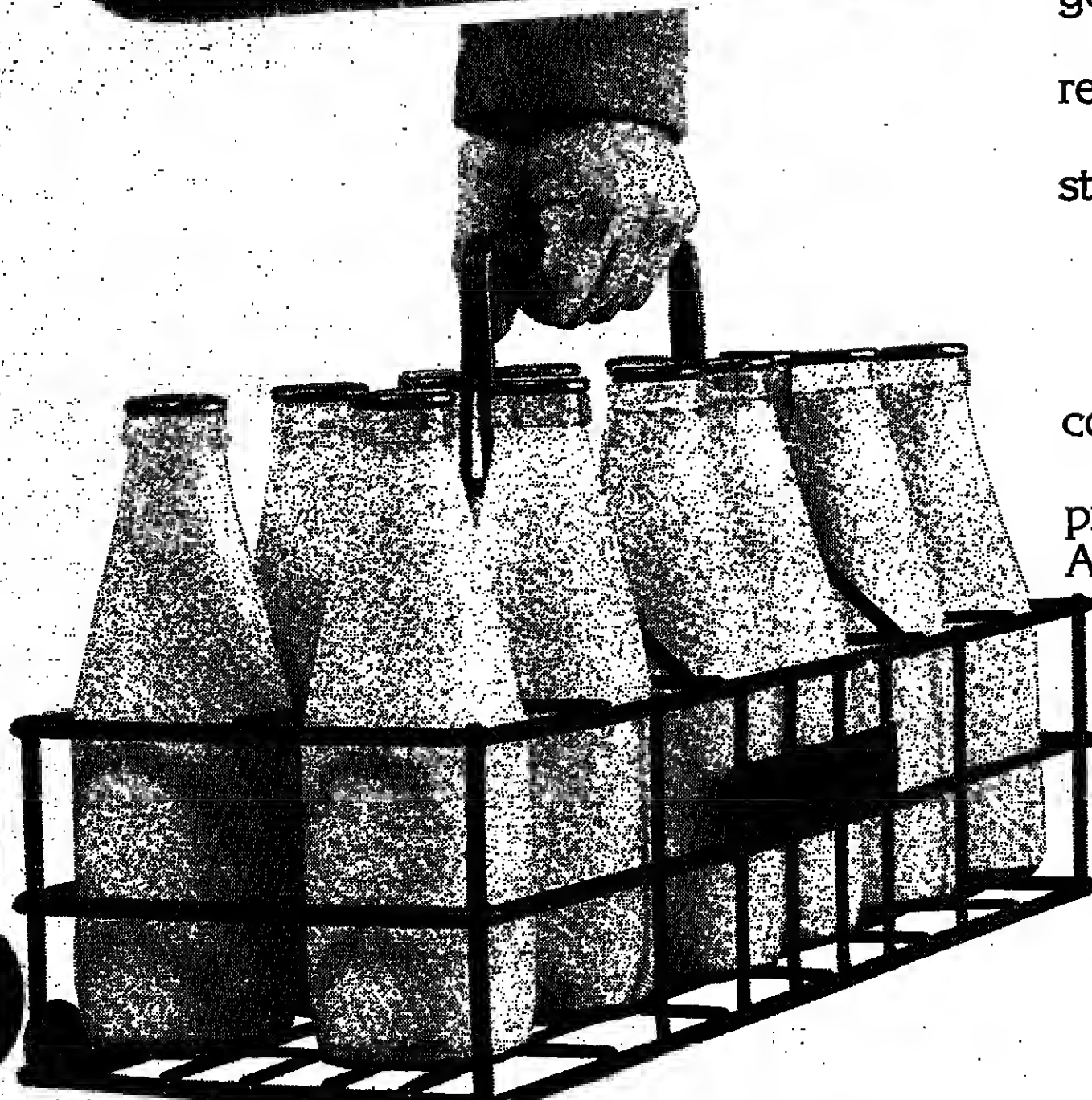
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WORLD TRADE NEWS

Brezhnev's son in Rome credit talks

By Rupert Cornwell

THE SOVIET UNION will step up its pressure on a wavering Italian Government this week to authorise a new and enlarged export credit line to Moscow, negotiations for which were effectively frozen after the Soviet invasion of Afghanistan.

A Russian trade team led by Mr. Yuri Brezhnev, son of the Soviet leader and USSR vice-minister for Foreign Trade, is in Rome for a four-day visit, during which he will hold talks with Sig. Enrico Manca, the Italian Foreign Trade Minister, and other top industrialists and government leaders.

The previous export credit arrangement of \$600m (£552.5m) was exhausted last year. Its replacement by a bigger line of up to \$1bn—the same as that granted to China—is being studied, but its conclusion has been held up by political considerations and the poor state of East-West relations.

However, the Rome Government is beginning to come under pressure from domestic industry, which fears for its prospects in the Soviet Union, of which Italy is one of the largest Western suppliers.

At the same time, the fact that the Soviet Union supplied almost 6 per cent of Italy's oil imports in 1979 is further argument for keeping trade relations between the two countries as smooth as possible. To this end, suppliers' credits for deals with the Soviets have recently been reactivated here.

During Mr. Brezhnev's stay, the Russians will sign with representatives of Finisider a renewed five-year agreement under which the State-controlled steel concern will supply the Soviet Union with pipes and other steel products in return for raw materials.

● Britain's Export Credits Guarantee Department (ECGD) has backed a \$20m line of credit which Midland Bank has provided to Corporación Financiera de Desarrollo (COFIDE) of Peru.

The loan, which will help finance capital plant, equipment and associated services contracts placed in the UK by Peruvian buyers, is the largest ECGD-backed line of credit to be made available to Peru.

Alfa-Nissan venture nears approval

BY RUPERT CORNWELL IN ROME

THE WAY at last seems virtually clear for the approval of the controversial joint venture near Naples between the State-owned Italian car manufacturer Alfa Romeo and Nissan of Japan.

Some of the money due to be channelled through the State Conglomerate, IRI, parent of Alfa Romeo, under the recent government economic package, has been earmarked for a new plant near Alfasud's Pomigliano D'Arco works at which 60,000 vehicles a year will be assembled.

Meanwhile Fiat, the biggest Italian car group, while still opposed to the deal, appears to have signalled its grudging acquiescence at a top-level meeting here this week with representatives of Alfa and IRI and the Government Ministers concerned.

It now remains only for the project to be approved by CIPI, the top inter-ministerial industrial policy committee. Most observers expect this to take place by the end of this month, barring surprises, thus ending

several months of argument and uncertainty.

The new Alfa-Nissan developments coincide with figures showing that the boom in Italian domestic car registrations, despite most predictions and in contradiction with the grim news from most foreign countries, continued in June.

Sales last month jumped 24 per cent from a year earlier to 153,579 units, and over the first six months of 1980 rose to 936,700 units, 12 per cent up on the first half of 1979. Fiat's share of the total was 45 per

cent, and Alfa Romeo's 7.6 per cent, while imports captured 38 per cent.

The Alfa-Nissan deal provides for the construction of 60,000 cars a year, half of which would be marketed in Italy and half abroad. The new car, dubbed "Arna-1," would be 80 per cent by value made up of Italian parts. The body would be welded in Italy from pre-pressed parts imported from Japan.

The venture will provide more than 1,000 new jobs in the depressed south of Italy, when production begins in 1984.

Japanese boost share of French car market

By Terry Dodsworth in Paris

JAPANESE CAR sales in France climbed over the 3 per cent mark during May for the first time since the French Government arbitrarily set a limit on the Japanese market share at this level about three years ago.

Although there is no sign of any reaction from the authorities, Japanese registrations will now be closely monitored for the rest of the year to see if this performance was merely a monthly aberration.

While gaining almost 3.6 per cent of French registrations in May, the overall Japanese market share for the first five months of the year stands at about 2.5 per cent, only slightly above the final outcome for 1978.

Part of the May rise in Japanese sales can be attributed to the unsettled market conditions, which led to a drop in total registrations of 24 per cent. Japanese cars are keenly priced in France and now appear to be benefiting from the financial squeeze on consumers.

The increase is particularly disquieting for the French producers, however, because it coincides with a period when the Peugeot group, comprising Peugeot, Citroën and Talbot, is going through a delicate phase of reorganisation.

Given the organisational changes, and fears that Talbot in particular, could lose dealerships following a 30 per cent slump in its market share, the French authorities are most unlikely to ignore a continuing performance of the kind the Japanese achieved in May. In this period, the combined registrations of the five Japanese marques sold in France—Datsun, Honda, Mazda, Mitsubishi and Toyota—went up from 4,368 units to 5,625.

The announcement of the May import figures coincided with further bleak news from Talbot, which is being forced to lay off 23,000 workers for eight days in September and October. The company took similar measures earlier this year, but the new move underlines its problems as its market share sinks to almost 5 per cent in France, compared with about 8 per cent last year.

Peking plans joint insurance company with U.S. concern

BY ROGER BOYES IN BONN

CHINA is to form a joint venture with a major U.S. insurance concern in Peking's first important excursion into the overseas insurance business.

American International Group (AIG), has announced that it will set up a joint company, the Chinese American Insurance Company, which will be 50 per cent owned by the Peoples Insurance Company of China and 50 per cent by AIG.

A letter of intent was signed by the two sides in Peking on June 30.

Mr. C. W. Brauer, chief executive of the AIG subsidiary in West Germany, National Union Feuerversicherungsgesellschaft, said yesterday that the new company—due to come into operation on October 1—would be active in the international insurance and re-insurance market.

Clearly the company will have an important role to play in insuring trade between China

and the West. The company will have an authorised capital of \$25m (£10.52m). AIG has already contributed an initial payment of \$5m.

AIG has long-standing links with China and was established in Shanghai as long ago as 1919. Other American companies, such as the Firemen's Fund Insurance Company of San Francisco, and Continental Corps Marine Office of America, have established co-operative arrangements with the Chinese insurance concern.

These are largely aimed at taking advantage of China's external trade and domestic project expansion, initially by picking up some of its ocean marine business, and acting as the Chinese State insurers' managing underwriter in the U.S. However, this latest move by AIG will clearly give it an unparalleled hold on the Chinese market.

Third World hopes dim for East bloc sales

BY BRIJ KHANDARIA IN GENEVA

THE SOVIET UNION and its Eastern bloc partners are unlikely to become major export markets for developing countries in coming years, in spite of their verbal support for Third World development efforts, according to a UN report.

The report, prepared by the United Nations Conference on Trade and Development (UNCTAD) says that Eastern Bloc imports of manufactured goods from developing countries have fallen steadily since 1970. This disclosure has dampened Third World hopes that the

Soviet Union and its allies might become growing customers to offset export markets lost because of protectionist policies in Western nations. The report has also strengthened the hands of those Western countries, including the U.S. and the Common market, which charge that the Soviet Bloc pays only lip service to Third World economic development needs.

Exports of manufactures from developing countries to socialist countries fell from 4.1 per cent of total manufactured goods exports in 1970 to 2.2 per

cent in 1977, the latest complete figures available. As a proportion of total developing country exports, those of manufactures fell from 15.6 per cent in 1970 to 10.6 per cent in 1977.

The main exports of developing nations to Soviet bloc countries were textiles, clothing, non-ferrous metals, iron and steel and chemicals.

South and South-East Asia accounted for half of developing country exports of manufactures to socialist countries. Africa for a quarter, Latin America for 16

per cent and Western Asia for 11 per cent.

In contrast, imports of Third World manufactures by Western industrialised countries increased from \$6.5bn (£3bn) in 1970 to \$23.9bn in 1978. As a proportion of total imports of manufactures, imports from the Third World rose from 4.9 per cent in 1970 to 7.7 per cent in 1978.

Trade in manufactures among developing countries themselves increased from \$3.3bn in 1970 to \$17.2bn in 1977.

GATT studies Greek EEC entry treaties

BY BRIJ KHANDARIA

GREECE'S treaties of accession to the Common Market are being examined by the General Agreement on Tariffs and Trade (GATT) to clear the way for Greek entry into the Community on next January 1.

The treaties must be approved by GATT, whose Article 24 states that Customs unions may be enlarged only if the new partner pledges to move towards full free trade condi-

tions, and the overall level of import tariffs is not higher than previously.

Each GATT member will be asked to comment on the treaties and both Greece and the Community must ensure that the rights of GATT's other members will not be impaired by Community enlargement.

Greek entry into the Community is expected to pose fewer problems for GATT than

that of Britain, Denmark and Ireland, in 1972, because the level of protection of Greek markets will be reduced. In Britain and Denmark, tariffs on food products and some industrial goods were increased as a result of Community membership, causing conflict with GATT's Article 24.

Greek tariff levels on industrial products will drop from an average 18 per cent to about

4 per cent, because of Community membership, and Greece will also reduce quota restrictions on about 200 imports.

The review by GATT should be completed by the end of October. Greece has already aligned its trade policies significantly with Common Market rules as a result of its 1962 association agreement with the Community, which was also approved by GATT.

British wool textile exports increase 6%

BY RHYS DAVID

BRITAIN'S wool textile industry is managing to keep its nose ahead of last year's export figures, with sales in the first five months 6 per cent up on the same period in 1979.

There is concern, however, over a sharp fall-off in demand from one of its principal markets, Japan, where sales so far this year have been down by about a third on last year.

The industry, one of Britain's most important export earners,

had sales overseas of £35.5m in May, bringing total business so far this year to £179.1m. Exports of wool cloth at £65.5m were up 3 per cent in value and yarn exports at £33.8m were up 20 per cent. Raw wool exports at £27.9m were up 12 per cent but earnings from lops (combed wool) showed an 11 per cent fall.

Surprisingly, in spite of the recession in textile demand and

the high value of sterling, sales of woollen cloth to Western Europe were up from 4.5m square metres to 5.4m square metres. Worst sales were also up from 1.68m to 2.1m square metres.

There was an improvement in worsted exports to the Middle East—up from 1m square metres to 1.5m square metres—though sales of woollens fell slightly. Syria, Iraq and Saudi

Arabia have increased their imports.

In the Far East, sales to Japan have been affected, according to Mr. Geoffrey Richardson, director of the National Wool Textile Export Corporation, by the weakness of the yen. Woollen exports to the Far East as a whole were down from 1.87m to 1.15m square metres and worsted sales fell from 2m to 1.46m square metres.

Hoechst

Hoechst 1979: Solid Growth and Increased Dividends

„New ideas to meet the challenge of change”



Prof. Sammet, Chairman, in conversation with R. Brand, Chairman of the central works council of Hoechst AG and Dr. Wallmann, Mayor of Frankfurt.

1979 was an outstandingly successful year for Hoechst. World turnover increased by 11.9 pc to 27.1 billion DM. Profits also rose enabling the company to pay a higher dividend.

This was achieved against a background of unfavourable political and trading conditions. Rising

energy and raw material costs, exchange rate fluctuations, increasing competition in all markets and political tensions continually impeded our success.

The company is aware of the need to react flexibly to rapidly changing conditions in the world economy and politics; the need to invest in those fields that will decide its future: research and development, rationalization, lower costs.

Improved processes, for example, have raised the output from the company's German plants by almost half since 1970 without using significantly more energy.

Promising start to 1980

1980 has seen a promising start. The improvement continued in most sectors. During the first five months of the year turnover of

Hoechst AG increased by 13.7 pc to DM 4.933 billion compared with the same period in 1979 although demand abated in some fields.

Higher dividend for 1979

The annual general meeting on 3rd June 1980 decided to distribute a dividend of DM 7.—per share of nominal value DM 50.—.

If you would like to know more about Hoechst and its activities in 1979, we shall be pleased to send you the English version of the company's annual report.

Name: _____
Occupation: _____
Address: _____

Hoechst UK Limited
Hoechst House,
Salisbury Road
Hounslow Middx. TW4 6JH

Group Balance Sheet - 31st December 1979*

| LIABILITIES | DM Millions | % | ASSETS | DM Millions | % |
|--|-------------|-----|--------------------------------------|-------------|-----|
| Stockholders' equity | 5,855 | 27 | Fixed and intangible fixed assets | 7,921 | 36 |
| Long-term liabilities | 8,141 | 37 | Balance resulting from consolidation | 572 | 3 |
| Long-term capital | 13,396 | 64 | Investments | 738 | 3 |
| Accounts payable, trade | 2,253 | 10 | Fixed assets and investments | 9,243 | 42 |
| Short-term liabilities due to banks | 1,689 | 8 | Intangible assets | 5,693 | 26 |
| Miscellaneous liabilities | 3,629 | 16 | Accounts receivable and other assets | 5,693 | 26 |
| Unassociated retained earnings of Hoechst AG | 280 | 1 | Liquid assets | 1,618 | 7 |
| Short-term liabilities | 9,011 | 39 | Current assets | 12,774 | 58 |
| Total | 22,007 | 100 | Total | 22,007 | 100 |

*Authorized version from the audited accounts.

Hoechst Group

| | 1979 | 1978 |
|---|---------|---------|
| Total Net Sales of which abroad | 27,050 | 24,191 |
| | 16,159 | 16,276 |
| Capital expenditure on fixed assets of which abroad | 1,835 | 1,461 |
| | 788 | 506 |
| Depreciation of fixed assets and investments | 1,480 | 1,438 |
| Profit before tax | 1,760 | 1,254 |
| Profit after tax | 650 | 417 |
| (Net income for the year) | 1,142 | 1,074 |
| Research expenditure | 7,561 | 6,800 |
| Salaries and wages | | |
| Number | 182,588 | 180,648 |
| Employee of which abroad | 83,216 | 80,794 |

1st Quarter 1980

| | 1st quarter 1980 | 1st quarter 1979 | Changes compared with quarterly average 1979 |
|-----------------------------------|------------------|------------------|--|
| | | | in % |
| Hoechst Group Sales | 7,880 | 6,210 | +12.6 |
| Germany | 2,540 | 2,185 | +16.3 |
| Abroad | 5,340 | 4,025 | +32.7 |
| Hoechst AG (parent company) Sales | 3,338 | 2,512 | +32.9 |
| Germany | 1,451 | 1,250 | +15.9 |
| Abroad | 1,887 | 1,262 | +49.5 |
| Profit before tax | 314 | 183 | +71.6 |
| Employees | 60,866 | 61,247 | -0.6 |

Hoechst Aktiengesellschaft
D-6230 Frankfurt am Main 80

Hoechst

مكتبة من الكتب

Tyne expansion planned for ship repair company

BY RAY PERMAN, SCOTTISH CORRESPONDENT

CLYDEDOCK ENGINEERING, the Glasgow ship repair company which has made a profitable success from a failed Clyde yard, plans to expand its operations to the Tyne.

Mr. Rab Butler, company chairman and owner, said yesterday that negotiations to buy the Tyne Dock Engineering Company, which stopped trading in March with the loss of 380 jobs, should be completed by the end of next month.

Jobs at Tyne Dock were 150,000 last year, but Mr. Butler is confident that with a similar no-strike union agreement to the one he operates on the Clyde, the yard will be able to show a profit at the end of its first year.

Annual figures for the Clyde operation, issued yesterday, show it made a profit of £216,000 on a turnover of £4.6m in its third year of operation.

The yard employs 310 people in an area of high unemployment. It has been profitable since it took over the business of the collapsed Glasgow yard of Alexander Stephens ship repairers.

Mr. Butler says his success is because of an agreement with

shipbuilding unions. No working time has been lost because of disputes in the last three years, and the company has maintained its position as the highest paying yard on the River Clyde.

A profit-sharing scheme splits the dividend equally between the workforce and Mr. Butler, the sole shareholder. About £28,000 is distributed to workers this year with the same amount going to Mr. Butler. The rest of the profit went back into the business.

Mr. Butler said: "My agreement with the unions commits the company to providing more employment in the area. We have an expanding philosophy and we see hope for the ship repairing industry in Britain."

Clydedock has already made a bid to British Shipbuilders for Western Ship Repairs, in Falmouth, and has said it will look at potential acquisitions on other estuaries.

In the last year the Clyde yard extended its activities to larger projects, including defence contracts, and is about to start work on its largest order to date: a £1m conversion of an offshore support vessel for BP pollution control work.

Telegraph wins in libel case

By Raymond Hughes, Law Courts Correspondent

MR. CHRISTOPHER MORAN, Lloyd's underwriter and broker, has lost his libel damages claim against the Daily Telegraph.

A High Court jury yesterday decided unanimously that Mr. Moran and two of his companies had not been libelled in an article by Miss Barbara Conway, the newspaper's financial writer, published in February last year under the headline "Currency Fraud Saga Rolls On."

The jury took 85 minutes to reach its verdict on the claim by Mr. Moran, Christopher Moran Group and Christopher Moran and Company against the newspaper, Mr. William Deedes, its editor, and Miss Conway.

Mr. Justice Boreham dismissed the claim with costs. Mr. Moran had contended that the article suggested that he had taken part in a fraudulent, illegal and dishonest scheme by which currency had been exported in breach of exchange control regulations by disguising it as a reinsurance transaction.

Lord Rawlinson, Q.C., his counsel, told the jury that the article had been "a form of character assassination." It was libellous because of its headline, references to illegal transactions.

The newspaper argued that there had been no suggestion that Mr. Moran or his companies were guilty of any offence.

Foundries founder as demand dips

The latest symptom of the decline in the motor parts industry is the closure of another Birmid foundry. Arthur Smith reports on the problems caused by contracting markets, a strong pound and cheap imports.

Direct exports have risen to £12m a year. But Mr. Davies reports that further growth is difficult, because of the strength of sterling and the excess ferrous foundry capacity in Europe and the United States.

Against such a background, he argues that low-priced imports, particularly from Spain, Brazil and India, also pose a problem and have been a factor in closures over the past 12 months.

The main reason for the decision to shut Dartmouth Auto Castings number two foundry is the recent dramatic fall in demand from the tractor industry. With the plant operating at less than half capacity, Birmid believes it can switch production to other parts of the group. Another factor is that more than £2m will have to be spent to improve emission controls to comply with health legislation.

Dartmouth Auto Castings number one foundry, supplying the car industry, was shut just 12 months ago, with the loss of 660 jobs. The previous month Midland Motor Cylinder cut 325 jobs by shutting its West Works, which provided engine blocks

for cars. The Roebuck Lane foundry, providing cylinder heads mainly for the diesel market, was shut two months ago, and 280 workers made redundant.

Mr. Davies says: "The review of ferrous foundry capacity has to be continuous. The market remains uncertain, and I cannot yet say it is the end of closures. However, I believe we have now slimmed down to the point where we can operate profitably. We are a smaller but stronger operation."

On the brighter side, Mr. Davies reports that Birmid's light alloy foundries—which supply around 15 per cent of UK output—are benefitting from the switch from ferrous castings to aluminium. The trend reflects the growing use of aluminium for components such as engine blocks and cylinder heads.

Decision

Around £7m is currently being invested in the group's three light alloy companies. "We have just secured another chunk of European business in the die-cast aluminium industry. But it is premature to reveal details," Mr. Davies said last night.

An indication of the tough line now being taken by employers was the decision to close Birmetals and dismiss the 900 workers rather than suffer labour problems. The company, which supplies aluminium alloys and other light metals to a wide range of industries, had been making losses for several years.

"The attitude of the labour force was just the last straw," according to Mr. Peter Armitage, chairman of the division which embraces Birmetals.

The 700 manual workers settled for a 15 per cent wage increase last August, with the promise of a review in February, depending upon trading conditions. In pursuit of a demand for a further 20 per cent increase, they refused to load and despatch products, and production quickly came to a standstill.

The management sent all workers home for a month. On recall, the action continued and all 700 manual employees were given dismissal notices, Mr. Armitage said.

He denies that management over-reacted. "We have a duty to operate a profitable and efficient business. We had no choice but to take the action." Around 600 of the workers have

already gone.

Birmid's other main operating divisions—home and garden equipment and heating—now make a fairly steady profit. Lawnmowers provide most of the turnover in the garden equipment operation, but ladders and kitchen furniture are also manufactured. The Qualcast share of the UK lawnmower market has dropped from the 85 per cent of the late 1960s, but the company is confident it can continue to hold around half the market.

The lawnmower trade is clearly seasonal and dependent on weather. Partly to help balance the cyclical nature of the business, Potterton, manufacturers of boilers and heating systems, was acquired in 1973.

Pattern

Birmid missed the benefits of the central heating boom when energy costs rose, but has recently completed a rationalisation programme to concentrate Potterton manufacture at one site rather than two.

The Birmid group, based at Smethwick amid the traditional Midland metal forming industries, is conscious that it must diversify. Mr. Alan Emson, the finance director, says: "To change the pattern of activities will clearly take time, and we cannot be too specific at this stage. But you can be sure the Board is actively looking for new opportunities."

Hunt must pay BP £17m, court rules

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR. NELSON BUNKER HUNT has lost his appeal against a High Court judge's order that he must pay BP Exploration (Libya) £17m.

The Court of Appeal yesterday also dismissed a cross-appeal by BP that the award should be increased.

The case concerned a highly profitable joint venture by Mr. Hunt and BP to exploit a Libyan oil concession granted to Mr. Hunt, BP's, and subsequently Mr. Hunt's, interest was nationalised and BP claimed that its contract with Mr. Hunt had been frustrated.

Under the 1943 Law Reform (Frustrated Contracts) Act, BP asked the High Court to award it a "just sum" to take account of the benefit Mr. Hunt had received from BP's efforts prior to nationalisation.

Lord Justice Lawton said that Mr. Hunt had argued that he should not have been ordered to pay anything because a clause in his contract with BP had absolved him from any liability. But, said the judge, that clause, like the remainder of the

contract, had ceased to have any effect because of nationalisation. What Mr. Hunt had been ordered to pay was not something due under the contract, but was what was recoverable on a claim under the 1943 Act.

Both Mr. Hunt and BP contended that Mr. Justice Robert Goff had assessed Mr. Hunt's liability under the Act on the wrong basis.

Lord Justice Lawton said that the judge had worked on a reimbursement basis, ensuring that, as far as was practicable, BP got back what it had paid out on Mr. Hunt's behalf before nationalisation.

BP had provided expertise, its capital resources, staff and money, for which it was to be reimbursed out of Mr. Hunt's share of the oil.

By the time of nationalisation BP had been reimbursed to the extent of about two-thirds of what was due to it.

The Act required the judge to fix a just sum. It could not be said that he had gone wrong by making his assessment in the way he did, said Lord Justice Lawton.

Euro-law defence attempt defeated by ICI

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

IMPERIAL Chemical Industries has defeated any attempt by Berk Pharmaceuticals to raise a Euro-law defence to a passing-off action being brought against it by ICI.

Berk wished to contend that ICI's claim was barred by Article 58 of the Treaty of Rome on the ground that ICI was abusing its dominant market position in relation to the heart disease drug propranolol.

In the High Court yesterday, Sir Robert Megarry, the Vice-Chancellor, ordered that defence to be struck out.

ICI have manufactured and marketed propranolol, under the name Inderal, in a distinctive "get-up" of shape and form since 1965.

Its patent expired last year and, shortly afterwards, Berk began marketing the drug, with an identical get-up, under the name Berkolol.

Berk contended that there was no passing off because, it said, the get-up was distinctive and descriptive of the drug itself and not of its manufacturer.

It also contended that ICI was charging unfairly high prices

for Inderal, which was an abuse of its dominant position and which adversely affected the competitive structure of the market and trade between member states of the EEC.

The Vice-Chancellor accepted ICI's argument that there was no connection between the alleged breach of Article 86 and the right claimed by Berk to imitate ICI's get-up.

If there were an abuse by ICI, the EEC had adequate powers to deal with it but it did not follow that ICI could not prevent passing-off.

Nor could the judge accept that, by charging high prices, ICI was affecting trade between EEC states. Berk said that the probable consequence of the abuse was that its business in propranolol, and that of other competitors, would be eliminated or substantially restricted.

How, the judge asked, could that conceivably be the result of ICI charging too much for its tablets? The higher ICI's price, the better the prospects for a competitor.

The Euro-defence was not arguable and should be struck out, he said.

Merseyside has highest level of alcoholism

BY MAURICE SAMUELSON

MERSEYSIDE has the highest level of alcoholism in England and Wales, according to a survey of heavy drinking published yesterday.

It tops a list of 42 districts mentioned in the annual report of the National Council on Alcoholism.

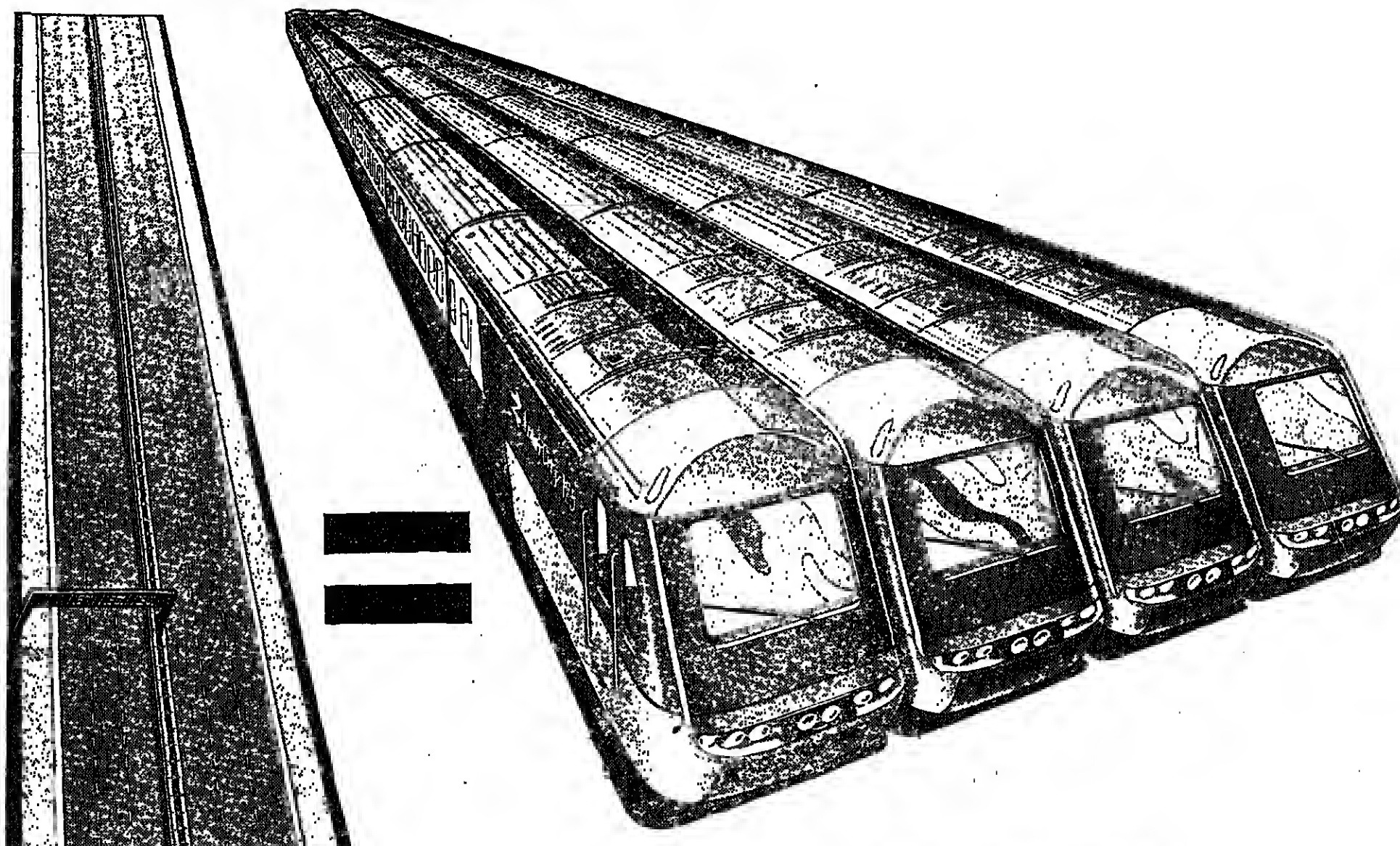
The report says social and health problems from drink are generally worse in districts north of a line from the Severn to the Wash than in areas south of the line, except for Greater London, which follows Merseyside in the league table.

However, when deaths from

cirrhosis of the liver, usually associated with steady drinking over a number of years, are considered, southern and south-western areas have worse than average figures.

Mr. Derek Rutherford, the council's director, says this suggests cirrhosis is a "disease of affluence."

After Merseyside and Greater London, the rest of the "top ten" hard drinking areas were Northumbria, Greater Manchester, Cleveland, Durham, Lancashire, Cumbria, West Yorkshire and West Midlands.



1 mile of Motorway

4 High Speed Trains

This is no time to undervalue our railway.

For many years British Rail's investment programmes have been under heavy financial pressure.

Consequently, we've learned how to make limited financial resources go rather further than most.

For instance, the average cost per mile of the sections of the new M25 motorway under construction on 1st February 1980 was £3.4m, allowing for overheads. For this sum we could provide 4 High Speed Trains or electrify 28 miles of route.

In an era of energy shortages and high inflation, this sort of value for money is crucially important.

THE CAR, THE TRAIN, THE FUTURE

Road and rail are intrinsically linked and mutually dependent.

Indeed, modern railway station design is quite overtly geared to providing for the car.

But when money is tight, and both road and rail projects are under consideration, a balance should be achieved, with all projects assessed on their relative merits and subjected to the same kind of tests.

APPLES AND PEARS

Currently, road projects are appraised by a method that takes into consideration the social benefits delivered to travellers—such as the expected time saving, the increased safety and the greater convenience.

These benefits are quantified and included in calculating the return on investment.

On the other hand, rail projects normally have to be justified in purely financial terms.

Social benefits cannot be included in these analyses, although it is usually the case that such benefits heavily outweigh the crude financial returns.

THE ROOT PROBLEM

So long as British Rail's investment criteria are specified in purely financial terms, the allocation of national resources between road and rail development schemes is bound to cause controversy.

MAXIMISING THE POTENTIAL

Financial resources are scarce. They must be allocated so as to provide maximum benefit to the transport system as a whole.

Today the potential for rail has never been greater. That's why, in weighing the alternatives, this is certainly no time to undervalue the railway.

This is one of a series of advertisements designed to increase public awareness of the position of the railways in the national transport system and also in the life of the community as a whole. While the facts and figures contained in these advertisements are known and appreciated by those directly concerned in shaping the future, an industry as much in the limelight as ours has a duty to address itself to a wider audience, which needs to be well informed if it is to play its part in helping to form public opinion.

This is the age of the train ➡

Sir Keith dilutes his dogma

BY PHILIP RAWSTORNE

SIR KEITH JOSEPH'S doctrine aroused a few doubts on the Conservative benches in the Commons yesterday.

The Secretary for Industry's decision to relax the Post Office monopoly—and threat to remove it—was warmly welcomed by his disciples.

But his claims that the move would stimulate greater efficiency and safeguard the interest of the customer failed to convince all the faithful.

The Post Office monopoly was a privilege not a right and had to be continually justified

by the quality of its service, Sir Keith pronounced.

Some, responded Mr. William Beynon (C, Buckingham), believed the investment needed to secure that quality could only be achieved by a monopoly.

And if the profitable privileges were removed, what would happen to the unprofitable duties of maintaining sub post offices in rural areas? asked Mr. Michael Neuhert (C, Havering, Romford).

Sir Keith prudently diluted his dogma. "I do not want to

exaggerate the extent of the reductions in the monopoly," he said.

The significance of the move was in taking the powers to remove it at some time rather than any immediate reduction.

Even then, Mr. Barry Henderson (C, Fife E) warned the Government's measures would be closely scrutinised to ensure they did not have an adverse effect on the rural areas.

Labour MPs wasted no time in scorching Sir Keith's actions to decide that he was

med.

The Cabinet might be able to adjust to his problems of mental balance, but why should the country suffer? Mr. Andrew Faulds (Lab, Warley E.) declared.

Labour MPs clamoured that Sir Keith had admitted the postal services had shown a marked improvement; that everyone from the Monopolies and Mergers Commission to the Post Office Users' Council agreed; that every other country had a State-run postal monopoly; frequently heavily subsidised.

Why did Sir Keith think he was right and everyone else wrong? Mr. John Silkin asked.

"I am not responsible for postal services abroad," Sir Keith retorted. "The service here has improved. It is not yet good enough."

With studied contempt, he sat down—and only the storm of Labour protest brought him back to his feet.

The Post Office service to the customer had been unsatisfactory. It had become less satisfactory.

He was astonished at the lack

of Labour concern for the customer. "The postal service exists to serve the public not the Post Office," he asserted.

Sir Keith showed a certain pride in coining that catchphrase.

He listened impatiently to Labour's condemnatory responses. "A pirates charter," said Mr. Silkin. "A vortex of destruction," said Bob Cryer. "A mad vendetta against the public sector," said Mr. David Winnick.

Such rhetoric merely debased the language, Sir Keith said in casual dismissal.

Chancellor appeals to workers on wages

By Richard Evans, Lobby Editor

SIR GEOFFREY HOWE, Chancellor of the Exchequer, appealed to workers over the heads of trade union leaders last night to accept realistic wage settlements in the next pay round in order to preserve jobs.

His message was stark—that in order to retain as many jobs as possible in the coming year most people would need to accept pay rises "well below the level of inflation."

Some workers would be able to earn more from increased productivity and success. "But generally pay rises must be well below the level of price rises and in line with the money available if we are to save endangered jobs and prevent unemployment soaring," he declared.

The Chancellor's comments, made in a Conservative television party political broadcast, show that Ministers are becoming increasingly worried about the effects high wage claims could have both on the level of inflation and on unemployment. But they realise there is little prospect of moderation from many trade union leaders.

A campaign is therefore being developed to emphasise the consequences of inflationary wage demands to the rank and file, particularly the impact on jobs.

This will be followed up in the coming weeks in a series of speeches by Mrs. Thatcher, Sir Geoffrey and other senior Ministers.

The Chancellor went out of his way to condemn steel union leaders for their prosecution of the steel strike which had lost even more jobs for the industry.

He compared this with the attitude of workers at Woolworths, B.I. and Tathor who had agreed to accept "realistic" pay increases in order to keep prices more competitive and jobs more secure.

Joseph announces curb on Post Office monopoly

BY IVOR OWEN

POWERS TO BE taken by the Government to break the Post Office monopoly in delivering mail will enable competition to be introduced in any specific sector where the consumer is not being provided with an adequate service, Sir Keith Joseph, the Industry Secretary told the Commons yesterday.

Labour MPs reacted angrily to the catalogue of initial changes which he announced, while some Tory backbenchers voiced concern about the possibility of them leading to a deterioration in post office services in the rural areas.

Sir Keith's blunt warning that the Government will be

ready to introduce competition in any other field where the Post Office consistently fails to meet the needs of its customers increased his Labour critics.

"A postal strike breaker's charter," stormed Mr. Charles Morris (Lab, Manchester Openshaw) who is sponsored by the postal workers' union.

He bitterly complained that all the bodies which had investigated the Post Office, including a Select Committee of the House of Commons, and the Post Office Users' National Council (POUNC) had come down against breaking the monopoly in mail deliveries.

"What makes you think that

you are right and they are all wrong?" he demanded.

Sir Keith, who apparently failed to appreciate Mr. Morris's reference to POUNC, was jeered from the Labour benches when he replied: "You gave a long catalogue but you never once mentioned the customer."

Labour antagonism towards Sir Keith mounted when he made it clear that it was proposed that the powers to introduce competition into further areas would rest in his hands.

He explained: "I would intend to use them in the event of industrial action within the Post Office which resulted in a

cessation or serious decline in the quality of service.

"I would also use the powers if, after due warning, the Post Office failed for reasons within its control to satisfy me as to its performance in serving the public."

Sir Keith gave an assurance that in deciding whether to use these powers he would take into consideration the Post Office's record in relation to productivity, unit costs, quality of service to the customer and its financial target.

Sir Keith announced that he would be having immediate discussions with the chairman of the Post Office on whether the

targets for the quality of service of first and second class mail were sufficiently rigorous.

To Tory cheers he maintained that the measures to be taken by the Government would stimulate greater efficiency within the postal service.

"Taken together," they clarify the law, open up to competition some parts of the postal monopoly and safeguard the general interests of the customer by making it clear that the letter monopoly is a privilege which the Post Office needs continually to justify through the quality of the service it provides."

Sir Keith acknowledged that since the summer of last year when there was widespread criticism, the quality of service to the customer as measured by the statistics furnished by the Post Office had shown a marked improvement.

The improvements had been particularly apparent in April and May this year and the service was now placed in the Post Office's own league table.

Mr. John Silkin, Labour's shadow Industry Minister, maintained that Sir Keith's admission that the Post Office had been providing an improved service in recent months showed that the decision to break the monopoly was unjustified.

He described the Govern-



Charles Morris (left) condemned the plans as a postal strike-breaker's charter. John Silkin called the proposals a pirates' charter.

ment's proposals as a "pirates' charter" and castigated Sir Keith — "The prophet of Government non-intervention" — for proposing to hold powers to extend the areas of competition in mail deliveries in his own hands.

"Those hands have been pretty guilty, in messing about

with British industry over the past 14 months," he said.

Mr. Cyril Smith (Lib, Rochdale) accused the Government of "hiving off" the profitable sections of the Post Office's business and asked to what level the service would have to fall before further areas of competition were opened up.

Labour NEC backs proposals to boost finances and membership

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S National Executive yesterday gave its backing to a package of proposals aimed at improving the party's financial position and boosting party membership.

The proposals — all that could be salvaged from Labour's Commission of Inquiry — include a big increase in both individual subscriptions and union affiliation fees, together with an overhaul of the party's financial organisation.

Also accepted in principle was the introduction of State aid for political parties, together with a number of more novel ideas for raising funds like a national lottery and an annual appeal day.

But Mr. James Callaghan, the party leader, warned yesterday that even with the increase in union affiliation fees — by far the largest source of the party's income — Labour would still be running at a deficit in 1983-1984. The NEC, he said, did not pay enough attention to party finances.

The Commission's report did not concentrate solely on ways of raising more money. The report also talks about such ambitious schemes as setting up a press agency for the Labour movement and recommends that a feasibility study should be carried out into the funding of a new national Labour newspaper — for long an ambition of Mr. Anthony Wedgwood Benn.

The commission was originally set up to study the three main constitutional issues facing the party as well as the questions of organisation and finance.

But after five months of discussions, it finally agreed two weeks ago that it was unable to come up with any recommendations on the key constitutional issues of the re-selection of MPs and who should have the right to elect the party leader and draft the manifesto.

Instead, it agreed to concentrate on the party's financial problems which some members of the executive believe are so serious they justify the months of work put into the commission.

The only constitutional recommendation it made was to propose that the rules governing constitutional issues being raised more than once every three years at the party conference should be reimposed.

This was defeated at yesterday's meeting of the executive which means that the infighting over the constitution is almost bound to continue for another year.

The executive also rejected another of the commission's proposals to introduce a new class of registered Labour supporters which Left-wingers

feared could be the preliminary to introducing a primary system into the country.

But the executive backed the great majority of the Commission's other proposals. The report will now be put to the party's autumn conference.

The report illustrates the desperate need for Labour to get its finances in order. At present it says, the party has "effectively no reserves, a thoroughly inadequate income and is moving into serious deficit and debt." It is essential, it says, that the party reverses the decline in its finances if it is to function "effectively as a modern political party."

To help remedy this, the commission proposes that union affiliation fees—the source of nearly 90 per cent of the party's income nationally—should be increased by 20 per cent to 40p per member from January next year, and to 50p from 1982.

It also recommends that the party should enter into negotiations with the unions in an attempt to find a way of overcoming both the party's short term and long term financial strategy.

The executive also accepted yesterday the commission's recommendations that individual subscriptions should increase from 25p to 45p. It agreed to look further at an idea of introducing a special cut price membership for the unemployed.

Consultants plan under attack

By Lynton McLain

GOVERNMENT PLANS to use private engineering consultants in place of Transport Department road construction units were attacked by local authority representatives yesterday in evidence to a Commons Select Committee.

The Government's road construction units are responsible for developing motorways and trunk road schemes. But the Transport Department wants to phase them out to reduce manpower and save money.

An "action study" is now under way at the department to enable Ministers to reach decisions about individual units.

However, MPs on the House of Commons Transport Select Committee were told that the use of private consultants could be more expensive than alternative schemes, including reference to local councils and other authorities.

Mr. James Ireland, the chairman of the Association of County Councils' planning and transport committee, said in evidence that the association believed that many of the jobs in the road construction units could be done cheaper by direct work in councils.

He said that if the road construction units are run down too quickly, "instead of speeding up the road programme you will get a slowing-down of schemes."

Better compensation for shipbuilding companies defeated

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A CONSERVATIVE attempt to get better compensation for the shipbuilding companies nationalised by the Labour Government in 1977 was defeated in the Commons yesterday by a majority of seven (160-153).

Mr. Peter Lloyd (C, Prebarn) tried to introduce a Ten Minute Rule Bill setting up a committee to review the original terms of compensation under the Aircraft and Shipbuilding Act, and to propose more just and equitable arrangements.

Mr. Lloyd told the House that the Act restricted compensation to the average stock market price for the six months ended February 1974. But that price bore no direct relationship to the real value of the underlying assets.

During the six months period, the market value of the companies was depressed by the threat of nationalisation and by the first of the long series of oil crises.

"For a number of companies taken into public ownership under the Act, compensation is far below their actual net worth," he maintained.

Fosters, a company in his own constituency, had been offered £4.5m for its shipbuilding and ship repairing assets. But its worth had been more than £25m

on vesting day including £5.5m cash in the bank.

Other companies, including Vickers and Yarrow had a similar tale to tell. A majority of Conservative MPs was convinced that the original Act was defective.

Several of the most profitable companies who had been the most heavily penalised had refused to settle. Such "flagrantly unfair" terms must eventually be superceded, Mr. Lloyd argued.

From the Labour benches, Dr. David Clark (South Shields) maintained that Mr. Lloyd's Bill was impracticable and unnecessary. It would be unfair to tens of thousands of workers in shipbuilding.

He said the majority of companies had agreed to the terms. Ten of them had agreed under the last Labour Government but only one had done so since the Conservative Government was elected. Any delay had been caused by the reluctance of the Conservative Government to reach agreed settlements with the outstanding companies.

He reminded the House that under the 1977 Act there was an independent arbitration procedure and at least one company was in arbitration at the moment.

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It's easier said than done, especially if you're a specialist company.

Here's a helpful suggestion: Contact the London Industrial Centre just like metal foundries.

John P. Webster did. You couldn't get a more specialist company than a metal foundry. Or a more unusual expansion problem. Until he found John P. Webster were housed

underneath the railway arches at Shepherd's Bush. Railway arches can't grow up.

With 80% of their business in the London area it was essential that John P. Webster found new premises close to home.

The London Industrial Centre came up with an excellent answer—a new site just off the road in Acton.

You could get much closer. As a result, John P. Webster's expansion problem has been solved. Confidently, he expects to increase his business by 50% in the next

two years.

Without the help of the London Industrial Centre it could have been a different story. Had the company not been able to expand, business would have declined. Retaining skilled labour would have been difficult. Modernising old railway arches impossible.

If your premises can't grow up with your business, make use of London's opportunities by contacting the LIC. Your growing pains could soon disappear.

WHAT TO DO WHEN YOUR BUSINESS GROWS UP AND YOUR PREMISES CAN'T



LONDON INDUSTRIAL CENTRE

WE'LL HELP YOU MAKE MORE OF YOUR CAPITAL
London Industrial Centre, Island Block, The County Hall, London SE1 7PB. Tel: 01-633 2424.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOTTERS

ENERGY

Checks heat loss from buildings

A QUICK and direct method of measuring the heat loss through walls or from any radiating surface and therefore assessing its insulating ability is afforded by an instrument called ThermoFlow.

Made by Linear Laboratories in California the unit is available in the UK from: Unity Power Systems, 44, Wellesley Road, Croydon, Surrey CR9 2BU (01-880 3656).

The instrument, housed in a carrying case and weighing only 1kg, measures infra-red radiation and provides a direct reading on a large digital display in BTU per square foot per hour. It then remains a simple matter to calculate the total heat loss from a wall or window over a given period.

Also supplied is a graphical K value estimator. This allows the user to combine readings taken from internal and external surfaces with net heat flow measurements to obtain an estimate of K value. The graph can also be used to estimate the energy savings that could be achieved by adding insulation. The device promises to be of considerable interest to

builders, surveyors and heating engineers, not only in the reduction of heat losses but also in the prevention of over-specification in terms of insulation materials.

But there will also be applications for maintenance engineers for example. Losses from steam pipes, ovens, furnace linings and other plant can be easily identified since the instrument can be switched specifically to detect insulation voids and infiltration.

ThermoFlow has no moving parts, is claimed to be stable with time and temperature, is ruggedly constructed and incorporates an automatic ambient temperature compensation device. Also built in is a filter for the eight to 14 micron wavelength band which eliminates potential errors caused by water vapour, carbon dioxide, sky radiance and reflected sunlight.

The instrument can even be used to check energy losses from electrical and electronic equipment, providing a simple estimate of the energy efficiency of the device.

PROCESSING

New circuit board plant

RECENTLY installed manufacturing plant has given Circast Electronics capability to produce multi-layer printed circuit boards in its factory at Leamington Spa. This meets a requirement for increased miniaturisation in advanced electronics.

Boards with up to 12 layers can be produced. Each layer carries a circuit, so the total circuitry in a multi-layer board is many times that of a conventional printed circuit board.

As well as manufacturing these circuits in quantity, Circast is also equipped for the rapid production of prototypes. Companies in the telecommunications, computer, avionics and similar industries are expected to welcome the new sub-contract service.

Among the new plant is refrigerated storage for the prepreg. This reinforced un-

cured resin is in sheet form: it is prepared and cut to size in an air-conditioned clean room. Circuits and prepreg are interleaved, and placed in a steam-heated multi-plate press (Bradley and Turton). Cured under pressure, the resin bonds the circuits together to form the multi-layer board.

These new facilities are additions to a printed circuit factory that is noteworthy for its high degree of automation. Holes are drilled under computer numerical control, while metals are deposited by automatic plating lines.

Quality control involves checking each stage of production. It is supported by comprehensive laboratory and inspection facilities.

Circast, Ramsey Road, Sydenham, Leamington Spa, 9926 99481.



This vacuum heat treatment plant has been installed at the Droitwich works of Deritend Precision Castings. It is being used to relieve stresses created during casting of stainless steel and nickel alloy components. Heat treatment under vacuum eliminates surface sealing of components and produces a better

surface. Up to 600 lb of components can be treated in this plant at a time. Treatments can be pre-programmed, a minimum cycle being 21-hours including soaking at temperature, typically 1050 degrees C, for one hour and rapid quenching in nitrogen.

INSTRUMENTS

Robots make the inspections

MAKING USE of standard ASEA robots the LK Tool Company of Derby has developed what it claims to be the first commercially available CNC robot inspection system.

Early applications are expected to be in the dimensional inspection of motor-car bodies, themselves already welded up by such machines in factories.

Contact measurement probes at the ends of the robot arms in conjunction with micro-

processor control and the ability to remember up to 15,000 positions allow the equipment to carry out rapid point to point measurements, with the addition or omission of steps when required. Continuous tracking of contours is also possible.

Electrically driven by servo-controlled DC motors, the robots have six degrees of freedom in movement and can return to the same position

with an accuracy better than ± 0.2 mm.

The measuring system that LK has married to the ASEA machines allows dimensional data to be plotted or printed out and stored and includes a wide variety of software options to suit the equipment in many industrial applications.

More from the company at East Midlands Airport, Castle Donnington, Derby (0332 511349).

FOOD MANUFACTURE

Soya bean experiment in Hungary

NUTRITION experts in Hungary are reported to have produced a new soya bean concentrate which can be used as a food additive to make a high protein, low carbohydrate loaf. Patented under the name "Amyvit R", the concentrate is claimed to embody the most successful treatment of the soya bean to date.

Details of the new product were outlined in Budapest by Dr. Karoly Lindner of Hungary's College of Commerce and

Catering. Based on an enzyme treatment, the process used turns the soya bean into what is said to be a highly palatable food additive, without impairing any of its valuable nutritional properties.

The bitter taste and unpleasant odour of the untreated soya are removed, it is stated, while the high protein content is made easier to digest. An additional advantage is that none of the original bean need be wasted.

The concentrate is initially

being used in the bakery and confectionery industry in Hungary as an additive to increase the protein content of bread and cakes and at the same time reducing the carbohydrates. It is expected to prove a useful additive to other foodstuffs, including meat products.

The new "soya bread" is currently undergoing trial production at one of the biggest bakeries in Budapest and is already on sale in the Hungarian capital.

COMPUTING

Double-sided disc drive

INTENDED MAINLY for use with technical computers in the HP 1000 series, the HP 85 personal machine and several of the company's desk-top computers is a new disc memory from Hewlett Packard that can store up to 2.36 megabytes.

Designated HP 9895A the unit has two drives that can read double sided double density data on HP-qualified flexible discs each taking up to 590 kilobytes/side. Use of the company's interface bus facilitates connection to the computers.

A built-in controller allows single sided discs to be read and also allows the unit to ex-

change data in most cases with other systems which use the IBM 3740 single sided single density format provided that additional software exists in the host computer.

An optional dual drive slave unit (no controller) can be connected to provide another 2.36 MB, as can a single drive slave to increase capacity by 1.18 MB. Furthermore, the HP 9895A can be ordered with only one drive and upgraded later.

More from the Computer Systems Group of Hewlett Packard, King Street Lane, Wokingham, Wokingham, Berks. (0734 784774).

A very fast printer

SPEEDS FOR computer-fed printers continue to edge upwards and the latest offerings from Florida Data Corporation, available from Data Type Terminals of Greenford Way, Gwent (06333 65307) can rattle off four lines every second making them, it is claimed, the fastest general purpose matrix printers currently available.

These units have micro-processor control with a 16-line buffer which has a "look ahead" facility, enabling a prediction to be carried out of whether it is faster to print the next line

backwards or return to the left margin and print normally.

Standard model 600A has a 96 character font with a range of type styles determined by ROM programming, in 8 by 7 matrix format.

More advanced model BNY also offers medium-speed printing at 150 characters/sec. and two pass printing to give "solid fonts" and graphics, using in effect a 16 by 16 matrix. Graphics is accomplished by shifting, under program control, into a direct-addressable mode with 128 dots/inch horizontal and vertical.

PACKAGING

Prints codes on packs

CLAIMED TO operate efficiently on both regular and intermittent product flow lines without alteration or adjustment, is a purpose-made unit based on flexographic printing, for the application of identification codes on flat or concave bottoms of glass jars, plastic bottles, cans, coated or laminated cartons, and aerosols.

Processing at a rate in excess of 200 items a minute, the machine has a photo-electric register to ensure accurate impressions. The unit is free-standing and therefore can be used off-line for specialised applications.

Unskilled labour can easily finger-set the desired code from the interchangeable Riblok rubber type, says maker

Laytons, 60, Vauxhall Road, Liverpool (051 227 1212).

COMMUNICATIONS

Digits seen from afar

PEOPLE IN process plants and factories can read, at distances up to 250 metres, weights, temperatures, or other data, by means of a digital display unit developed by Strainstall, Denmark Road, Cowes, Isle of Wight (098 329 5111).

This is a 16-inch high derivative of the company's former model which had 8-inch screens—Type 1920 is not only

Increased in size, it uses lamps with six times the light output of the former series.

Other uses would include clocks, scoreboards or similar displays in sports stadia and public places. Because the unit is fully waterproofed, it suggests applications in the marine field, too, where long range visibility is often vital.

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The 14 company publishing group, which includes such names as Chapman and Hall and Metbuen, is implementing the £30,000 software package on a newly installed NCR Criterion computer system. Included in the package is Cincom's T-ASK on-line database inquiry system.

A three-year changeover period is envisaged during which systems currently run under the company's own management software will be re-worked to take advantage of Total's capabilities. A variety of new systems will also be developed using Cobol which Associated is adopting as its new main programming language.

Among the first systems to be transferred to Total will be one which keeps track of the location and physical distribution of the company's stock of 8m books. These represent the 6,000 new and back-list titles live at any one time, about which Associated Book Publishers expect Total to provide a whole range of new information.

Cincom Systems International, St. Ives House, Maidenhead, Berks. Maidenhead 29498.

Gauges

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JOBS COLUMN

Enterprise • International production head

BY MICHAEL DIXON

A BIT of help is worth a lot of pity. So pride of place goes today to John Frost who is primarily in the motor business, and apparently doing better than might be expected in present circumstances.

He is one of dozens of people who have reacted to the Jobs Column's criticism of recruiters who refuse even to consider applicants who are above a certain age, or either jobless or self-employed consultants. While indebted to all who have sent their support, however, I was inevitably disheartened to find that most felt both helpless in the face of this prejudice on the part of employers, and pessimistic about the ability of reasoned argument to remove it. The typical response was that of the former engineering director, now 47 and unemployed, who wrote:

"The two filters that you have written of are crude and irrelevant in most cases. I regret that I have no great faith in the possibility of change, however."

Now, for people in that gloomy state of mind, it is easy to look on the—admittedly—few encouraging signs as exceptions which merely prove the rule. And so they might very well be. But faith, my pessimistic friends, is all we have; and all we can do is note the contrary example of Mr. Frost and hope that other business

people will be sensible enough to do likewise.

For some time he has been thinking of branching out into another kind of business by starting an agency specialising in the recruitment of various kinds of technical specialist such as designers of various sorts, engineers, and senior draughtsmen. Despite the general weakness of the employment market, there still seems to be an unsatisfied demand for such specialists, he told me the other day, and he has evidence that there is room for another agency to supply them to employers on either a "permanent" or a short-term basis.

But having no connections with people possessing the contacts and experience to start and run the agency, he was reluctant to pursue the idea until he read the Jobs Column nine days ago.

It has persuaded him that, far from being at best an embarrassment and at worst a nuisance, the ranks of unemployed managers and specialists are an opportunity to launch the enterprise he has long had in mind. So he would like to hear from people whose experience in industrial management has taught them what kinds of technical specialist are needed where, and how to tell the good ones from the bad, in addition to providing contacts within a few employing organisations.

The most promising background, John Frost feels, would be industrial work which has included the recruitment of specialist staff through agencies. But he is ready to consider anyone demonstrably equipped with the combination of skills, experience and connections on which to found the new business.

For his part, he will supply the premises, secretarial support, a salary of around £10,000 a year, a car, and a stake in the project. Inquiries should be sent to him at Drift Bridge Garage, Reigate Road, Epsom, Surrey KT17 3TA. The telephone number is Burgh Heath 90111—the dialling code is 25 for calls from the London area, and 07373 for those from elsewhere.

Three offers

NOW TO a batch of three jobs being offered through the Grosvenor Stewart recruitment consultancy. John Fulford, who is one of its directors, says that in no case may the employing concern be named, but guarantees that applicants who so request will not be identified to the employer without further permission.

Inquiries should be addressed to the consultant noted as dealing with the particular job, at Hamilton House, 15, Tilehouse Street, Hitchin, Hertfordshire, telephone 0462 55308, telex

25102 Chacom G (prefix GS).

The first post, which is being handled by Mr. Fulford, is with a U.S. multinational company in toiletries and cosmetics. It needs someone to work for some time like three-fifths of the year in London as operations director covering Europe, the Middle East and Africa. Responsibility will be to the company's vice-president for the same area.

"Operations director" is unfortunately one of those jobs which mean different tasks to different companies. In this case, however, it denotes the chief responsibility for getting the company's products manufactured and delivered to the standard, to the places, and at the price required.

The newcomer will work partly in a "staff role," acting as a high-grade internal consultant, and advising on improvements, developments and other aspects of company policy. But there will also be the line-management task of directing manufacture in eight plants in various parts of the U.K., France and Germany, which employ roughly 1,500 people.

There are two essential qualifications, John Fulford says. One is successful experience of managing the large-scale production of fast-moving consumer goods. The other is demonstrable ability to operate as a manager in the

different cultures of other countries. France and Germany are the two most important, of course, but the wider the candidate's international experience, the better. Even so, English is the only language necessary, although French would help and German could come in handy.

Candidates with a degree-level qualification would have an advantage, especially if the subject is engineering.

The salary is negotiable from about £20,000. The perks will include a car.

Second on the Grosvenor Stewart list is an opening being offered by consultant John Padbury. This is a job for a manager of the development of new products with a smallish British company which has a turnover of about £10m in scientific instrumentation and is, I am assured, "highly innovative."

Applicants for this job should have shown their talent for product-development work over at least two years in a relevant type of industry, after a period of scientific research. It would help if somewhere along the way they had earned themselves a PhD (like Dr. Padbury).

No doubt the preference here for candidates no older than the early 30s is explained by the general belief that scientific creativeness is the prerogative of the young—which seems

likely to be another time-honoured, and therefore self-justifying myth.

The salary indicator is £12,000. Again, the fringe benefits include a car.

Finally, we have a finance director's job being handled by consultancy director Stuart Adamson. It happens to be in Nigeria which, as all who have worked there seem to agree, is an incomparably good place to have come from.

The post is nevertheless being offered as a fast route up the international management promotion ladder to a qualified accountant with a minimum of four years experience of financial control with a world-wide group. A person who does the job well can look forward to promotion elsewhere within the same company—a U.S. pharmaceuticals corporation—after a stint of two or three years in Lagos.

Meanwhile, the newcomer will be drawing a salary of around US\$50,000 "structured to keep tax liabilities as low as possible." Perks will be of the usual expatriate extensiveness, plus the use of two cars, which seems to be peculiar to Nigeria. The reason is that in Lagos one is forbidden to drive the same car on consecutive days. But having a brace of cars, I gather, is not much more than a licence to spend twice as much time in traffic jams.

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Candidates must have had broad experience in financial planning and administration or corporate planning at very senior level, including advice to and involvement in Board level decision making. The personal quality requirements are such that no rigid view will be applied of the formal qualifications required, but it is likely that an accountancy qualification will be necessary or a business school background plus a degree (preferably in Maths, Economics or a related subject). Whilst it is unlikely that sufficient experience will have been gained by anyone under 35, there is a preference for someone under 45.

Remuneration is negotiable, broadly within a range, at present, of £18,600 to £21,000. There are also valuable travel benefits and a first class contributory pension scheme.

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Please apply with full CV to Mr. J. C. F. Cameron, (ref. FVO 306) London Transport, 55 Broadway, London, SW1H 0BD.

The Fourth Channel

It is the intention of the Independent Broadcasting Authority, after enactment of the Broadcasting Bill now before Parliament, to establish a subsidiary company to provide the programme service for the Fourth Television Channel. The Authority plans to bring the new service on the air in Autumn 1982. A panel of consultants have been appointed, who it is proposed will subsequently be Directors of the Company, with the Rt. Hon. Edmund Dell as Chairman and Sir Richard Aitkenborough as Deputy Chairman.

It is intended that the Company should proceed with the appointment of senior executives as soon as it is possible to do so. The first two posts to be filled, subject to the enactment of the Bill, will be first that of Chief Executive, and secondly that of Director of Finance. It is proposed that those appointed will also be appointed to the Board of the Company.

Chief Executive

The Chief Executive will be responsible for the whole of the Company's operations and programme output. The central part of the responsibilities will be that of planning the programme service and obtaining the programme material, which it is intended will come from a wide range of suppliers. The job will be unique in British broadcasting. It will call for a person with creative qualities of the highest order, and corresponding administrative and managerial abilities, with an outstanding record in television production and management.

Director of Finance

The Director of Finance will be responsible for all the financial aspects of the Company's operations. As part of the function of controlling a budget amounting to possibly some £70m initially, the job will entail the creation and oversight of financial arrangements for the acquisition of programme material for the Fourth Channel. Applicants will be expected to have had wide financial and commercial experience, and to show evidence of entrepreneurial abilities having been exercised successfully at a high level, preferably, but not necessarily, in the television, film or entertainment industry.

The salaries will reflect the importance of the posts and the responsibility they carry for the planning and successful running of this major new development in British broadcasting. Applications are invited from men and women wishing to be considered for appointment to one or other of these two posts on the establishment of the Company. The consultants will also be glad to receive nominations or suggestions for their consideration. Applications, nominations, or suggestions should be sent, in confidence, to the Rt. Hon. Edmund Dell, c/o Independent Broadcasting Authority, 70 Brompton Road, London SW3 1EX, to arrive not later than 29th August 1980.

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N.P.S. Lilley, Ref: 22207/FT. Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

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Candidates, probably aged 28-35, will be Chartered Accountants who have acquired at least 3 years experience in a commercial or financial organisation, preferably with overseas activities. Personal qualities are obviously important as this is an outstanding opportunity to join the board of a private international company.

Please reply in confidence, quoting Ref. U878/FT giving concise personal and career details to D. E. Shellard - Executive Selection.



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Financial Analyst

c.£10,700 + bonus and company car

The Headquarters of Britain's largest haulage group comprising over 50 operating companies, with a consolidated turnover of £417 million, is to move to a new office in Bedford later this year. An experienced Finance Officer is required in a new central Financial Planning and Control Department to undertake a financial analysis and monitoring role in respect of budget, investment plans and performance of a major operating Group within the Corporation.

The successful applicant, male or female, will hold appropriate qualifications and possibly a business degree, as well as

possessing a high level of analytical ability together with a comprehensive understanding of modern analytical techniques and a logical approach to business problems. Also of primary importance is the ability to work effectively with all levels of management.

The location will initially be Central London but will be based in Bedford from November 1980.

For further details and an application form please contact:- Mr. I. F. Gardiner, Personnel Manager, National Freight Corporation, Argosy House, 215 Great Portland Street, London W1N 6BD. Tel: 01-636 8688, ext. 200.



Finance Manager

West London £13,500 plus car

Our client, a leading company in the electronics field, wishes to recruit a Finance Manager to be responsible for a department of twenty staff providing the complete range of financial services required by a sophisticated and rapidly expanding company.

The successful applicant, male or female, will probably be aged 30 or over, a qualified accountant and have the experience necessary to motivate the young and enthusiastic finance team.

Candidates should forward complete C.V.'s including home telephone number and listing any companies to whom you do not wish your application forwarded to Peter Barnes, Ref. FT/331.

Riley Advertising (Southern) Limited,
Old Court House, Old Court Place, Kensington, London W8 4PD.

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LONDON BIRMINGHAM BRISTOL EDINBURGH GLASGOW
LIVERPOOL MANCHESTER NEWCASTLE NOTTINGHAM PERTH

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Assistant to Divisional Managing Director

Lloyds and Scottish Limited

Career Opportunity

The Industrial and Commercial Division of the Lloyds and Scottish Group embraces factoring, vehicle and industrial equipment distribution and retailing. Its rate of development over recent years is impressive as are future plans. The key appointment of Assistant to the Divisional Managing Director arises as a result of the current person moving to a senior line position and it offers an unusual and highly stimulating opportunity for a young commercially aware accountant or business graduate. The role is that of advisor to the Managing Director and to subsidiary company boards. The prime responsibilities are to monitor results and analyse company performance and the person appointed will be expected to

contribute to each company's development and attend certain Board Meetings. Candidates, male or female, aged 28-35 must be able to demonstrate ability and potential of a high order. They will have experience of financial analysis and control in either a financial or commercial organisation. Alternatively, they will come from the profession, having spent a significant period in investigation work. An inquisitive mind combined with the personal stature necessary to gain acceptance at all levels will be looked for. A salary of circa £13,000 will be offered plus an attractive fringe benefits package including mortgage subsidy, profit sharing and car. Career opportunities are excellent. (PA Personnel Services Ref AA45/7408/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hobart House, 80 Hanover Street, Edinburgh EH2 1EL. Telephone: 031-225 4481, Telex: 72556



A member of PA International

Financial and Management Accountants

London

Scicon Consultancy International Limited, a leading computer systems and software consultancy, and a member of the BP Group, is seeking two high calibre accountants for:-

- A newly-created position within the Finance Division for the design, development and implementation of computer based financial systems and procedures, and to assist in the provision of a financial service to the Company.
- A position within the Corporate Planning Division concerned with the development and monitoring of all the Company's future activities and the further development of the corporate computerised model; acquisitions are also appraised within Corporate Planning Division. The work, by its nature, is conducted in close collaboration with senior managers in the Company. The successful candidate should therefore be of a sufficient calibre to be able to communicate and operate effectively at this level.

Both appointments offer excellent career prospects in a fast expanding company in the computer services industry, and call for two able and energetic qualified accountants, probably within the age range of 28-35, with sound financial backgrounds and a knowledge of computer applications.

Remuneration will be competitive and commensurate with qualifications and experience.

Please write with full career details, or request an application form from:

Ian Townsend,
Scicon Consultancy International Limited, Sanderson House,
49 Berners Street, London W1P 4AQ. Telephone: 01-580 5599



GULF INTERNATIONAL BANK B.S.C.

EXPERIENCED CREDIT ANALYSTS

£15,000 + TAX FREE

Due to continuing business expansion, we wish to recruit a number of experienced Credit Analysts to be based in the Bank's Head Office in Bahrain.

Candidates, aged 26-35, will ideally have had formal credit training possibly with an American Bank. The willingness and ability to train others is considered very important.

These positions are initially on a two-year contract basis but may be renewed by mutual agreement.

Rewards and other benefits offered are extremely competitive and designed to attract candidates of outstanding quality.

Interested candidates should write enclosing C.V. in the first instance to:

Mr. P. A. Farrott
GULF INTERNATIONAL BANK BSC
8-13 King William Street, London EC4P 4LD

All applications will be treated in the strictest confidence

FOREIGN EXCHANGE MANAGER

£25,000 neg. plus benefits
A leading Continental Bank who have recently entered the City are seeking a Manager to set-up the Money Market Operation and to deal initially. They are interested in experience in all the major currencies Foreign Exchanges, also Eurocurrency. Starting, deposits and arbitrage. A strong marketing operation is planned for the UK with 5 supporting dealers.

OPERATIONS MANAGER £17,000 plus benefits
An experienced banker is required to join the London office of a leading European Bank, to initiate the procedures and systems. Other responsibilities will include close supervision of the accounts, Head Office and Bank of England reporting, monitoring credit facilities and advances and recurring staff. Experience in computerised systems a distinct advantage.

SENIOR FOREIGN EXCHANGE DEALER

£17,000 plus benefits
An expanding Continental Bank is seeking a principal dealer to join their London operation. Experience in all aspects of Deposits and Foreign Exchange is essential. An excellent opportunity for a Chief Dealer or No. 1 to join a new profit centred dealing room.

SENIOR BANKING ACCOUNTANT £negotiable
A qualified accountant (A.C.A. or A.C.M.A.) is being sought to join the London operation of a European bank at present setting up in London. The ability to set up the accounting procedures and implement a computerised system is necessary. In-house benefits particularly good and prospects for career advancement are excellent.



LJC Banking Appointments
01-283 9953 - for an immediate appointment

Senior Financial Appointments

BTR Limited, the major International Group in the Rubber, Plastics and Engineering Industries has two vacancies for Accountants at their Corporate Centre in London SW1.

Management Accountant

Reporting to the Financial Services Manager he/she will be responsible for divisional management accounts, profit planning, analysis of divisional results and liaison with Area Controllers on accounting procedures. The ability to communicate with other departments and Companies on accounting information and requirements together with experience of working to tight deadlines is essential. Applicants should be Chartered Accountants (age 24/30) with solid professional experience.

Accountant/Administration Manager

Reporting to the Managing Director of BTR Trading he/she will be responsible for office administration and accounting for our Trading and Transport Companies. Applicants should be age 25-35, not necessarily qualified but with appropriate experience, a practical attitude to commercial accounting and the ability to make a significant contribution to the operation. The Company is introducing computer applications, and the person appointed will play a leading role in Systems innovation and review.

Both the above jobs will carry the competitive salaries and terms and conditions to be expected from a successful international Company. Fringe benefits are excellent and include free BUPA.

This is an outstanding opportunity to join a fast growing Group of Companies which offers exceptional scope for career development.



Applications giving full details of qualifications and career to be sent to:- C. J. Wetherall, Manager - Staff Administration, BTR Limited, Silvertown House, Vincent Square, London SW1.

BTR STANDS FOR GROWTH

Economics Research Assistant

We are one of the largest American-based Banks in London and we recruit a Research Assistant for our Economics Department which serves our network in Europe, the Middle East and Africa, providing analysis of economic and financial developments as support for planning and business development.

You will be a graduate in Economics or a related discipline in your early mid 20's and have been employed for a minimum of 1 year in a business environment. Ideally, you will have had experience in Country, Industrial and Financial markets analysis, be familiar with inter-active computing and have knowledge of a foreign language.

We will offer you a salary commensurate with your qualifications and experience plus a first-class fringe benefits package.

Please write in confidence, giving details of your qualifications, experience and salary desired to: Mr. P. C. Taber, Assistant Vice President, Personnel Division

Bankers Trust Company
9 Queen Victoria Street, London EC4P 4DB

Treasury Executive c. £11,500 p.a.

If you are under 30 and have achieved success in the field of foreign exchange and money management, you may be ready for this exciting opportunity to broaden your experience in our North Sea, European and Africa operations.

International promotion provides you with the chance to join a team of seven lively and consistently successful financial professionals. You will be playing a key role in the money markets in London and overseas, and thus developing

your skills, knowledge and personal performance.

Oxy is an enterprising, well-managed, US multinational with substantial world-wide interests in oil, coal and chemicals. It has an impressive record of growth and profitability, and Oxy believes that attractive rewards, conditions and opportunities for personnel are the key factors in continuing this performance.

Apply with brief personal particulars, quoting 'OFT' to: Martyn Hawkins, Occidental International Oil Inc., 16 Palace Street, London SW1E 5BQ.



مكاتبنا في لندن

Export Finance American International Bank

We are a major international bank with European Headquarters in London and an extensive network of branches and subsidiaries worldwide.

Responsibilities of the position include the co-ordination of clerical staff involved in ECSD finance and bills for collection activities.

Applicants should be educated to "A" level standard and ideally be studying for a professional qualification. A minimum of four to five years' experience in export finance is required with a minimum of three years' operational experience in medium-term ECSD finance. Supervisory experience is also required.

In addition to an attractive salary, benefits include mortgage and personal loans at reduced interest rates, non-contributory pension scheme and subsidised restaurant.

Applicants should contact Brenda Morgan, Continental Bank, Continental Bank House, 182 Queen Victoria Street, London EC4V 4BS. Tel: 01-236 7444.

The bank of opportunity
CONTINENTAL BANK
Continental Illinois National Bank & Trust Co. of Chicago

MCS/Robertson & Scott

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Untapped Managerial Ability trapped in a Financial role?

Accountants

North London - c. £13,000 - £15,000

One of the difficulties in the Accountancy world is finding the opportunity to use one's financial background in a general management/commercial position.

Our client, a multi-million pound US organisation manufacturing high technology equipment, is offering just such an opportunity. Having expanded their operations in the UK and Europe, they are looking for several Accountants to work in their European Headquarters and be responsible for: Both manpower and resource utilisation; reorganising, developing and instigating new systems and procedures; analysis of budgets and forecasts with a view to overall profitability apart from various ad-hoc general management duties.

There would be the possibility of a senior executive appointment leading on from this position.

To arrange an initial informal discussion, phone or write to ANTHONY JUSTIN on 01-836 3464, MCS/ROBERTSON & SCOTT RECRUITMENT LIMITED, Control Data House, 179/199 Shaftesbury Avenue, London WC2H 8AZ.

FINANCIAL CONTROLLER

High Wycombe

to £12,000 + car + bonus

Our client, the subsidiary of a substantial U.K. Group, is engaged in a range of trading activities and the manufacture of sophisticated lighting and electrical equipment.

Reporting to the Managing Director, the Finance Controller will be responsible for accounting activities throughout the company. More particularly, he/she will be charged with the task of enhancing the role of the finance function through the development of management information and control systems and involvement in the appraisal of both existing business activities and potential acquisitions. This appointment offers the opportunity to make a substantial contribution in a demanding and dynamic corporate environment.

Applicants should be qualified accountants in their late 20's/early 30's with experience of operating within a major industrial group. They should be highly-motivated self-starters with the ability to relate effectively to management of all disciplines.

Prospects for progression within the Group are excellent.

Applications should be made, in writing, to Liam Fitzpatrick, A.C.M.A., 410 Strand, London WC2R 0NS, quoting ref. 2944.

DOUGLAS LLAMBIAS

Douglas Llambias Associates Ltd.

Accountancy and Management Recruitment Consultants



and at 26 West Nile Street, Glasgow G1 2TF (041-226 3101)

3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

Head of Postal Procurement around £20,000

Following the Government's announced intention to reorganise the present Postal and Telecommunications' Businesses of the Post Office into separate Corporations, a new post is being created at Director level to plan and head the Postal Procurement function in the new Post Office, including National Giro-

bank. Procurement is currently handled for Posts and Girobank by a Procurement Executive which serves both Posts and Telecommunications. A specialist is now sought who will be part of the top Post Office management team in order to prepare for the introduction of the new Postal Procurement function.

THE JOB INVOLVES

- * examining the present arrangements
- * drawing up plans for the postal organisation, covering transfer of provisioning, purchasing, supplies depots etc to a new organisation
- * setting up the new organisation and thereafter
- * heading the new department responsible for Postal Procurement

THE SUCCESSFUL CANDIDATE WILL HAVE

- * substantial knowledge and experience of all aspects of tendering, purchasing, contractual matters and inventory control
- * held senior posts in industry and commerce
- * a record of innovation and achievement in the procurement field
- * proven administrative, negotiating and communicating skills of a high order

The post will initially be based in London but could, at some future time, be located elsewhere. The post is pensionable and other conditions are of a high standard.

Further information may be obtained from John Roberts, Secretary Designate of the new Post Office Postal Headquarters Building, St Martin's-le-Grand, LONDON EC1A 1HQ. Tel: 01-432 3452.

Applications, by letter in the first instance enclosing curriculum vitae, should be sent to the Director Management Development, Post Office Central Headquarters, 23 Howland Street, LONDON W1P 6HQ, no later than 21 August 1980.

This appointment is open to men and women.

The Post Office

COMPANY SECRETARY

Property

Central London

Our client is one of the largest and most successful UK quoted property groups, with significant interests both here and overseas. Their continued growth now requires the appointment of an experienced Company Secretary whose responsibilities will cover the normal Secretarial duties associated with a public company, the administrative management of Head Office and some financial work.

Candidates, whilst being technically sound, must have appropriately broad experience for all aspects of the work. They will be qualified secretaries or accountants; age is less important than having successfully carried out a similar senior or number two role, preferably in a public group. He or she must have the maturity and presence to work closely with Board members, the managerial ability to run Head Office effectively on a day to day basis and preferably also have some depth of financial experience.

Remuneration will include an executive car, excellent pension and salary negotiable in line with the seniority of this position.

Please telephone for an application form or write to David Thompson who is advising on this appointment, quoting Ref 1145.



AID
One Old Bond Street,
London W1X 3TD.
01-499 8811.
THE ADVERTISED APPOINTMENTS
DIVISION OF DODGERS AND CO

N. M. Rothschild & Sons Limited International Bond Portfolio Manager

N M Rothschild Asset Management Limited, the wholly owned investment management subsidiary of the above, wishes to recruit an experienced executive for its Investment Department. The role, which will be based in London, but may include substantial international travel, will involve the management of fixed interest multicurrency portfolios as part of a highly professional team of people working in this area.

The individual, who will probably be aged between 24 and 28 and who will have some experience in the currency and fixed interest field, will have a good University Degree, a competent knowledge of international fixed interest markets, and an ability to communicate views both to colleagues and to clients.

The post will be attractively remunerated in a challenging environment.

Please write with full details of career to date to: Personnel Director, N. M. Rothschild & Sons Limited, New Court, St Swithin's Lane, LONDON EC4P 4DU.



Financial Controller

LONDON SW1 £15,000 +

U.K. subsidiary of a major international Metals and Minerals company seeks a Financial Controller for its West End office.

The successful candidate is likely to have three to five years' experience in the commodity business and terminal markets and will be responsible for the implementation of Financial and Management Control Systems—Banking and Foreign Exchange negotiations—Budgetary Control and Cash Management.

Please write enclosing a curriculum vitae to:

The Managing Director

Box A.7241, Financial Times

10 Cannon Street, EC4P 4BY

ACCOUNTANT STAFFORDSHIRE

A large international chemical company is seeking a qualified Accountant for a subsidiary manufacturing company based in the Potteries.

As a member of the Management team, in control of the Accounts Department, you will be responsible for the preparation of financial and management accounts and the installation of costing and stock systems. Applicants, aged between 25-35, should have had previous experience in a manufacturing industry.

Salary is negotiable and there are good company benefits including a car. Relocation expenses will be paid if appropriate.

Write giving full details to Box No. A7240.

Financial Times, 10 Cannon St. EC4P 4BY.

Please list separately any company to whom your application should not be sent.

Thinking of changing your job? (But not quite sure?)

For one reason or another, many of our clients think they should make a change, but are not quite sure. Not sure of themselves, of their potential, of their "marketability" or of their ultimate goal.

We are a group of highly qualified specialists who guide senior people towards a new direction in their careers, towards optimum personal and financial rewards. If you're a senior executive or professional person and you're not quite sure, one of our professional Career Consultants will be happy to discuss the matter with you, confidentially and without charge or obligation. Telephone us on 01-637 2298 now.

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The Consultants in Executive Evaluation and Career Advancement
London: 35-37 Fitzroy Street W.1.

We are not an Employment Agency

Reinsurance Underwriter Bermuda

A very large and expanding captive insurance company requires a

Vice President Underwriting

The task will be to develop a new world-wide re-insurance account, supervise a small underwriting staff, and liaise and co-ordinate the company's underwriting activities in New York and London.

- Treaty reinsurance specifically, but including proportional facultative/excess of loss in all areas.
- Emphasis will be on build-up of a balanced and profitable book of both US and foreign business. No underwriting targets will be set.

There will be generous allowances for housing in Bermuda, as well as for education and travel.

Underwriters currently earning not less than £23,000 in the UK, who have experience in both the London and New York markets and the ability to develop a major insurance company, should contact:

Richard Dutton
Managing Director

Robin Marlar & Associates Ltd
14 Grosvenor Place, London SW1
Tel: 01-235 9614. Telex: 261260 ASM-G



Council for Small Industries in the Rural Areas

The Chief Executive

The Board of CoSIRA invites applications from persons with senior general management experience in the private or public sector to succeed Mr. B. P. Dabell who reaches retirement age at the end of this year.

As an agency of the Development Commission CoSIRA exists to foster small business activity in the rural areas thereby contributing to the overall regeneration of economic and social life in rural England.

Persons interested in this appointment are requested to write, in confidence, to P. M. Felix of Whitehead Mann Limited, who are acting as consultants to the Board.

Whitehead Mann Limited, 44 Welbeck Street, London W1M 7HF.

David Grove Associates

Bank Executive Recruitment

60 Cheapside London EC2V 6AX

Telephone 01-236 0640

O & M ANALYST to £9,000

A major European Bank requires a person aged 24-30 with 2-3 years' O & M and administrative experience in the Banking Industry to deal with O & M assignments, form design, control of administration.

OFFICE MANAGER to £8,500

The leasing subsidiary of a major European Bank seeks an ambitious person aged 24-35 with several years' experience in Finance or Leasing Company to run a small department responsible for the preparation of Hire Purchase/Leasing agreements, proposals for Credit Committee, negotiation of agreement conditions, etc.

Working knowledge of French and F.H.A. Diploma or member I.C.M. desirable. Candidates interested in these appointments should contact Stephen Lawson

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

CJRA ASSISTANT MANAGER—CREDIT

CITY

£9,000-£12,000

GENERAL BANKING DEPARTMENT OF INTERNATIONAL BANK

Due to expansion applications are invited from candidates, male or female, aged 24-32, preferably graduates, who have acquired experience in credit work and documentation associated with Eurocurrency credits. The successful candidate will be responsible for regular credit reviews on existing medium-term loans as well as new proposed facilities. The successful candidate will report to the manager of the division and will be a senior member of a compact and highly capable team. Initial salary negotiable £9,000-£12,000 plus subsidised house purchase assistance, personal loan facility, non-contributory pension, free life assurance and free family BUPA. Ref. AMC12523/FT.

There is also a requirement for someone with a similar background but at a lower level. Initial salary in this case will be £8,000-£10,000. Ref. C12523/FT.

Applications in strict confidence under the appropriate reference will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING, 35 NEW BROAD STREET, LONDON EC2M 1NH

Insurance Accounts Manager

Enfield

circa £12,000

Reporting to the Group Accountant the successful applicant will assume responsibility for Client and Company accounts, cash management and credit control. A working knowledge of the Lloyd's accounting system is essential; this will probably have been gained with an International Insurance Broker.

The position requires experience of computer systems and sound management ability. A suitable professional qualification would be an advantage.

An attractive salary is offered together with additional benefits including non-contributory pension scheme and medical insurance. It is unlikely that candidates earning less than £10,000 per annum will have the necessary experience. Re-location expenses will be paid if necessary.

Please write in confidence giving full details of your career to date to:-

Mr. G.A.C. Shephard
Director & Company Secretary,

Hardy Cooper Group Services Ltd
85 Gracechurch Street
London EC3V 0AJ

The Hardy Cooper Group

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Chartered Accountants -Make Your Mark in International Banking

If you like travelling, you will find that Chase can make a world of difference to your professional life. We are a major American international bank looking for ambitious newly qualified accountants to fill vacancies in our London, Paris and Frankfurt audit offices. Although based in these locations a good deal of your time will be spent on short travel assignments to branches all over Europe, Middle-East and Africa.

Our training programmes will build effectively on your interest in banking and your experience, gained in the profession. Ideally you will have some ability in

one or more foreign languages. Highly competitive salaries will be backed by the range of employee benefits you would expect from a major bank.

To find out exactly how men and women with your background and interests can fit into our lively, enthusiastic teams, please phone or write with full career details to: Mark Winkie, Chase Manhattan Bank, N.A., Woolgate House, Coleman Street, London EC2P 2HD. Tel: 01-600 6141 Ext. 4650.

CHASE

TRAINING & INFORMATION SPECIALISTS

AGE 26-32

c £12,500

We are retained by the Society for Worldwide Interbank Financial Telecommunications (SWIFT) to recruit two ambitious bankers for the above positions.

The jobs, based in Brussels, involve arranging and conducting seminars and lectures for SWIFT users throughout Europe.

Candidates should be articulate and possess a thorough knowledge of International Banking operational procedures. A good conversational grasp of at least one other major European language is highly desirable.

These are challenging and unusual opportunities which offer excellent long-term career prospects and conditions of service.

Please contact, in confidence, Mark Stevens

BANKING PERSONNEL
41/42 London Wall London EC2 Telephone: 01-588 0781

(RECRUITMENT CONSULTANTS)

CHIEF EXECUTIVE

c. £21,000

Following the appointment of the present holder to a Senior Executive post with the Trafalgar House Group, the Council are seeking to appoint an outstanding person to lead the management team of this progressive London Borough, which seeks to combine a cost effective commercial approach with public accountability.

Candidates (male or female) should be able to demonstrate a high level of Management experience and achievement in a highly corporate organisation.

Further details and application form from Head of Personnel Services, Royal Borough of Kingston Upon Thames, Guildhall, Kingston Upon Thames, KP1 1EU. Telephone 01-546 2121 ext. 10. Closing date 12th August.

Royal Borough of Kingston Upon Thames

PRODUCTION DIRECTOR

A company near Swindon employing 100 personnel engaged in the design and manufacture of pig, tool, special purpose machine tools and components for the Aerospace and Automotive Industries requires a Production Director. The company has embarked upon establishing a CNC machining facility and moving the design emphasis from tool and tooling to special purpose machine tools.

The Production Director will be responsible for all aspects of Work Management, achievement of programme and liaison with customers in this connection.

Applicants should have suitable technical qualifications and have senior management experience preferably in a similar company. Salary circa £17,000 negotiable. Company car.

Please write Box A7248, Financial Times, 10 Cannon Street, EC4P 4BY

GRADUATE ACCOUNTANT

The advertiser is a multi-national with £100m turnover in the U.K. who wishes to recruit either qualified or near qualified graduate accountants who have:-

- Potential to reach senior financial management
- The willingness to work in London and to relocate as part of career progression
- The capacity for original thought and to be able to translate financial principles in a lucid fashion to non financial people

Successful candidates are likely to be under 28 and salary will be negotiable at a substantial level. Please reply in strict confidence to the: Group Personnel Manager, Box A7244, Financial Times, 10 Cannon Street, EC4P 4BY

VALUATIONS SUPERVISOR

A well-established company of stockbrokers require a senior person aged 30-45 with current experience in all aspects of valuations both manual and computerized. A very responsible position which requires someone able to supervise a department.

Salary to £7,450 negotiable plus profit sharing
EVANS EMPLOYMENT AGENCY LTD.
01-628 0985 — Pauline Dudley or Sharon Beaver

PUBLIC NOTICES

ST. HELENS BOROUGH COUNCIL BILLS
Issued 15th July 1980, £2.5m. Bills at 14.75% due 14th October 1980. Applications £17.5m. Total outstanding £6.5m.

OLDFHAM CORPORATION BILLS
£3,000,000 bills issued 15th July 1980 at 14.75% due 14th October 1980. Applications £25,000,000. None outstanding.

NEWBURY DISTRICT COUNCIL
£720,000 bills issued 14th July 1980 at 14.75% due 14th October 1980. Applications £1,000,000. Total outstanding £1,000,000. No other bills outstanding.

CITY OF LIVERPOOL BILLS
£12,200,000 bills due 15 October 1980. Issued 14 July 1980. Applications £21,000,000. Total outstanding £12,200,000. Bills issued on 14 July 1980 are the only City of Liverpool bills outstanding.

JOHN HILL, Treasurer of the City.

ROTHERHAM METROPOLITAN BOROUGH COUNCIL
£2,000,000 bills issued 15th July 1980 at 14.75% due 14th October 1980. Applications £25,000,000. Total outstanding £2,000,000. Bills issued on 14 July 1980 are the only Rotherham bills outstanding.

HERTSMERE BOROUGH COUNCIL
£2,000,000 bills issued 15th July 1980 at 14.75% due 14th October 1980. Applications £25,000,000. Total outstanding £2,000,000. Bills issued on 14 July 1980 are the only Hertsmere bills outstanding.

LUTON CORPORATION BILLS
£700,000 bills issued 15th July 1980 at 14.75% due 14th October 1980. Applications £25,000,000. Total outstanding £700,000. Bills issued on 14 July 1980 are the only Luton bills outstanding.

METROPOLITAN BOROUGH OF WOLVERHAMPTON
£7.5m 91-day bills issued 14.75% due 15th October 1980. Applications £25,000,000. Total outstanding £7.5m. No other bills outstanding.

NEW STRATFORD FLOORS
£7.5m 91-day bills issued 14.75% due 15th October 1980. Applications £25,000,000. Total outstanding £7.5m. No other bills outstanding.

THE POLYTECHNIC OF CENTRAL LONDON

School of Management Studies
LII (FIXED-TERM)
SECOND CAREER COURSES
Salary: £5,460-£8,400

Inclusive of London Allowance
Applications are invited for the above post to teach and counsel on a series of refresher courses. Course members are Officers of the Armed Forces and Metropolitan Police who are about to embark on a second career. Empathy with this type of work is essential. Wide successful experience and learning ability are more important than formal qualifications. Preferred age: 45+. Appointment to start 8 September 1980.

CLOSING DATE:
30 July 1980
Application form and further details from the Establishment Officer, PCL, 309 Regent Street, London W1R 8AL. (Tel: 01-580 2920 ext. 212).

CONSULTANT—CREDIT APPRAISAL

Circa £10,000 p.a. + car

Chartered Trust Limited, one of the country's leading financial institutions and a wholly owned subsidiary of Standard Chartered Bank Limited, wishes to appoint a Credit Appraisal Consultant to its head office in Cardiff.

Reporting to the Credit Manager, the successful candidate will be responsible for advising the Company as to the viability of clients' businesses in relation to proposed or existing advances, normally in excess of £250,000.

This challenging opportunity should appeal to candidates who are professionally qualified in an accounting or banking discipline and who probably hold a degree. A minimum of 3/4 years' post-qualification experience is required, ideally in a financial advisory or related capacity. Candidates must have a mature and self-assured approach coupled with an ability to liaise effectively with senior management.

A competitive benefits package will be offered which includes a Company car, a subsidised mortgage scheme and generous assistance with relocation expenses, where appropriate.

Please write, in confidence, giving brief career details to J.A. Roberts, Employment Services Manager, Chartered Trust Limited, 24-26 Newport Road, Cardiff CF2 4SR. Tel: Cardiff (0222) 42571, Ext. 2125.

Chartered Trust
A member of
Standard Chartered Bank Group

Financial Controller

London based c. £11,000 + car

Our client is a major European multinational. It is forming a new autonomous UK subsidiary to retail its products, and anticipates rapid expansion.

The financial controller will be responsible for the accounting function, but will also play a key role as the managing director's administrative right hand. As retail outlets are opened, local management will need administrative support, constructive advice, and the development/implementation of control systems.

Candidates should be qualified accountants aged up to 32. Professional competence is necessary, but more importantly, candidates must have the credibility and personality to become an effective part of the top management team. Commercial experience is required; its nature is almost immaterial, as full training will be given. Some understanding of EDP would be advantageous.

This is a rare and challenging opportunity for an energetic young accountant with management aspirations.

For an application form telephone 01-248 6113 or write quoting reference 1384/L to J. H. Cobb, Executive Selection Division.

Peat, Marwick, Mitchell & Co.
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The Report and Accounts for the six-month period ending March 31, 1980, have been made public and audited. Copies of such Report and Accounts are available at the offices of Morgan Guaranty Trust Cy of New York in: London, Avenue des Arts 35; New York, 30 West Broadway.

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THE MARKETING SCENE

SALES COSTS SURVEY

Keeping a man on the road costs £16,180

BY RUDI GOLDSMITH

THE ANNUAL survey of the cost of salesmen in Britain in 1979-80, carried out by Sales Force, again covered a broad cross-section of consumer goods companies. One-third of them have now reported for two years running, permitting a further check on trends. In the 12 months covered by the survey, there was an overall cost increase of 15.9 per cent, but this average is made up of a number of items showing substantial increases while others showed decreases or were stable.

Broadly speaking, higher than average increases in the cost of administration, in the cost of financing, and in the cost of advertising, have been mitigated by savings in the cost of administration. The detailed figures are given in the table.

Items worth looking at a little more closely than others are as follows: **Recruitment:** The cost increase of 59 per cent is only partly due to higher advertising rates. Many companies complained of poor response rates, or interviews made but not kept, and of successful applicants failing to report for work. The growing tendency to hire contract salesmen for territory, rather than to avoid making unsatisfactory appointments in haste, reflects this situation. **Remuneration:** The overall increase of 19 per cent closely reflects price inflation after making an allowance for higher marginal income tax rates.

Cars: The total running costs involved in this section (£1,735 p.a.) represent a 31.5 per cent increase on the previous year compared with a 16.7 per cent increase reported in last year's survey. The major part of this change is attributable to loss of interest on capital, which has increased by just over 30 per cent—a combination of rising capital costs multiplied by much higher interest charges.

Once again, Ford maintained its lead with a share of 68 per cent of the total number of vehicles reported by companies involved. Leyland regained second place with 12 per cent, pushing Vauxhall into joint third place with Chrysler, both having a share of 9 per cent.

Field expenses: In view of the small number of companies reporting away-from-home expenses last year, no attempt was made this year to record them separately. The increase of only 11 per cent on last year's total expenses compares favourably with the increase of 17 per cent reported a year ago. No ready explanation is available other than that companies appear to have become tougher in what they permit to be claimed in the financial climate now prevailing generally. **Monogenerally costs:** Sales managers' costs per salesman have continued to rise faster than the rate of inflation, but not as badly as last year—21 per cent up against 32 per cent 12 months ago. Area managers'

costs rose 17 per cent in 1979 compared with a rise of 22 per cent in 1978. **Wages calculation, sales analysis, training:** All these items appear, on average, to be costing

Once again, these items have risen very little, by only 3 per cent and 6 per cent respectively. The latter rise is surprising in view of the increases in postal and telephone charges. It is

salesman working from home. On the other hand, was £220 in 1979 and is now £272. The increase for both direct employment and contract services was approximately £40 per man week comparing 1979 with 1978.

As already indicated, savings appear to have been made by many companies in the cost of administration. Even though this accounts for only 10.5 per cent of the average weekly total cost, companies would be well advised to re-examine this element of their overheads, as quite different economies are being achieved by companies with similar sales forces to near-identical trading areas. **Overhead costs:** Inevitably, with falling percentages of overheads to rapidly rising field costs, companies will again have to look carefully at the overall costs of directly employing a large permanent sales force throughout the year rather than employing an essential nucleus supplemented by contract teams deployed during peak periods only—for example, spring and autumn, or to maximise sales support for new product launches.

By varying the size of the overall sales force during the year, a much more effective sales effort may be secured at the same cost. Sales contractors with permanent forces can normally re-assign a high proportion of the same men year after year. *Rudi Goldsmith is chairman of Sales Force.*

THE COST OF A SALESMAN

| | 1978 (£) | 1979 (£) |
|--|---------------|---------------|
| Recruitment | 114 | 159 |
| Remuneration | 6,023 | 7,170 |
| Company vehicle | 1,319 | 1,735 |
| Expenses | 2,470 | 2,741 |
| Sales manager (including secretarial expenses and overheads) | 719 | 868 |
| Area manager (including expenses and overheads) | 1,692 | 1,975 |
| Wages calculation | 57 | 47 |
| Sales analysis | 330 | 232 |
| Secretarial (including overheads) | 571 | 589 |
| Stationery | 478 | 505 |
| Training | 192 | 162 |
| TOTAL | 13,965 | 16,183 |

Source: Sales Force.

companies less. The first two may be accounted for by improved procedures such as the use of computers and the pruning of analysis requirements. At first glance it seems unlikely that more should be spent on recruitment and less on training, but if recruitment advertising is unfruitful, there may be fewer personnel attending training.

Secretarial, stationery, etc: possible that the very nature of these increased rates has induced many companies to enforce strict economies in their use of postal and telephone services.

The average salesman in this survey spent 44 weeks in the field in 1979, resulting in an inclusive cost of £368 per salesman per working week. The cost of a Sales Force contract

Weighing the costs and benefits of ITV-2

TELEVISION

advertising revenues in the first half of this year totalled £273m, against £197m in the first half last year. But while the boom is fast slowing down, and while the Independent Broadcasting Authority gets on with sifting the 44 applications it has received for the new round of ITV contracts, advertising specialists are examining a little more closely the prospects for ITV-2, the new UK channel due to start broadcasting in 1982.

The whole issue is riddled with uncertainties, but according to TMD Advertising, the media specialists, there are four main areas of speculation as far as advertisers and agencies are concerned: **What sort of audience will ITV-2 attract?** What effect will it have on ITV-1 audiences? **What will ITV-2 audiences be worth in terms of cost-per-1,000 viewers?** **What will be the effect of its arrival on the advertising market?**

These questions have already been looked at by Aske Research in a projection of fourth channel revenue potentials carried out for the IBA. TMD says it finds Aske's analysis of the likely pattern of ratings levels and audiences shares in a four-channel situation "quite believable." But it disagrees fundamentally with some of Aske's conclusions as to the benefits the new channel will offer advertisers, "in particular their key conclusion

that these benefits will justify a 10 per cent cost premium over ITV-1."

In terms of programmes, it is thought that ITV-2 will stand in much the same relationship to ITV-1 as BBC-2 does to BBC-1. Initially, ITV-2 is expected to be on the air for about 50 hours

channel with low volume usage. "The argument that higher cover will be obtainable by using ITV-2 in conjunction with ITV-1 seems to be based on a fallacy. Already, 95 per cent of the adult population watch ITV at some time or other, so the possibilities of ITV-2 extend-

PROJECTED SHARE OF TOTAL VIEWING HOURS

| | Now % | Post-1982 % | Difference |
|------------------|-------|-------------|------------|
| ITV 2 | — | 12 | +12 |
| ITV 1 | 52 | 46 | -6 |
| Commercial total | 52 | 58 | +6 |
| BBC-1 | 25 | 24 | -1 |
| BBC-2 | 10 | 8 | -2 |
| Grand total | 100 | 100 | — |

a week, or seven hours a day—roughly from 5 pm to midnight.

It is unlikely, therefore, to add significantly to the size of the total television audience, says TMD. Projections shown in the table indicate that while ITV-1's share of total viewing hours would fall from 52 per cent to 46 per cent following the debut of ITV-2, the combined commercial share (ITV-1 plus ITV-2) would rise from 52 per cent to 58 per cent, producing an increase in total commercial viewing hours of what TMD estimates at 15 per cent. **ITV-2, says TMD, will be similar to BBC-2: a mass**

ing the reach of ITV-1 are negligible."

For the vast majority of advertisers, says TMD, low-rating spots, whether on ITV-1 or -2, will be attractive only if they offer a lower cost-per-1,000. "Moreover, with the advent of ITV-2, buyers will have a much wider choice of low-rating spots to choose from, and will be in a better position to dictate price. If the contractors agree, their rate-cards for ITV-2 will have a highly flexible pre-empt structure, allowing costs to find their own level for low-rating breaks, but to rise steeply for the occasional peak slots."

Marketing consultants come into their own

BY PETER KRAUSHAR

ONE OF THE features of the 1970s that will undoubtedly continue in the current decade is the way in which manufacturers, and particularly their marketing departments, found it cost-effective to buy-in specialist outside services. In the 1950s and '60s, most tended to use only an advertising agency, and possibly a market research company, but a revealing piece of research carried out by Campaign magazine among 224 consumer goods manufacturers shows how the scene has changed.

While there is a general feel-

ing that advertising creative and media specialists will be sought even more than they are now—more than 60 per cent of manufacturers thought it likely that they would use them for some of but not all their advertising in the 1980s—such specialists are clearly less important than some advertising agencies previously feared.

It is the marketing specialists of whom we are especially large manufacturers, seems to be growing: 58 per cent of large manufacturers use conference specialists, for example, against 45 per cent generally; 45 per

cent use new product development consultants, against 33 per cent generally, and so on.

It is clear that manufacturers' attitudes to their advertising agencies have changed drastically over the years. While the agencies are obviously considered vital in the creative and media areas by the large majority of manufacturers, under 40 per cent want a strong contribution from them in diversification work, long-range planning, marketing planning, below-the-line work, market and new product research, the development of new product ideas, concept development, launch planning—even the re-development of existing brands.

In many of these areas the manufacturers do not feel that their current advertising agency is in fact making an important contribution, although this does not mean that they

want no involvement at all in marketing planning, broad re-development, test marketing, concept development, research, etc.

The implication is rather that they wish to be able to use advertising agencies as a sounding board when required, rather than as the originator of the work involved.

This attitude makes a great deal of sense in that a given marketing department, increasingly supplemented by specialist outside services, can tackle marketing projects more effectively than the average advertising agency.

On the other hand, the latter is likely to be the outside service working with the client on the longest-term basis, so is in a particularly good position to fulfil the role of informed outsider asked to react on all kinds of marketing issues without

necessarily becoming too involved in any one of them.

As the marketing scene becomes even more competitive and more complex in the 1980s, and as executive manpower costs continue to rise, it is extremely likely that manufacturers will organise slimmer marketing departments of their own and come to rely on outside services to an even greater extent than now, whereas many of the advertising agencies will be called on to fulfil a dual role.

They will concentrate on their own specialist areas of media and creative work, while at the same time needing to retain on their staff a few highly experienced generalists able to discuss with their clients cash flows, below-the-line activity, corporate planning and new development work as well as the latest advertising strategy.

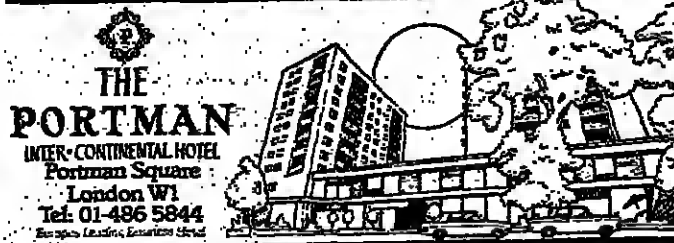
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We're happy that at least part of London's history lives on.

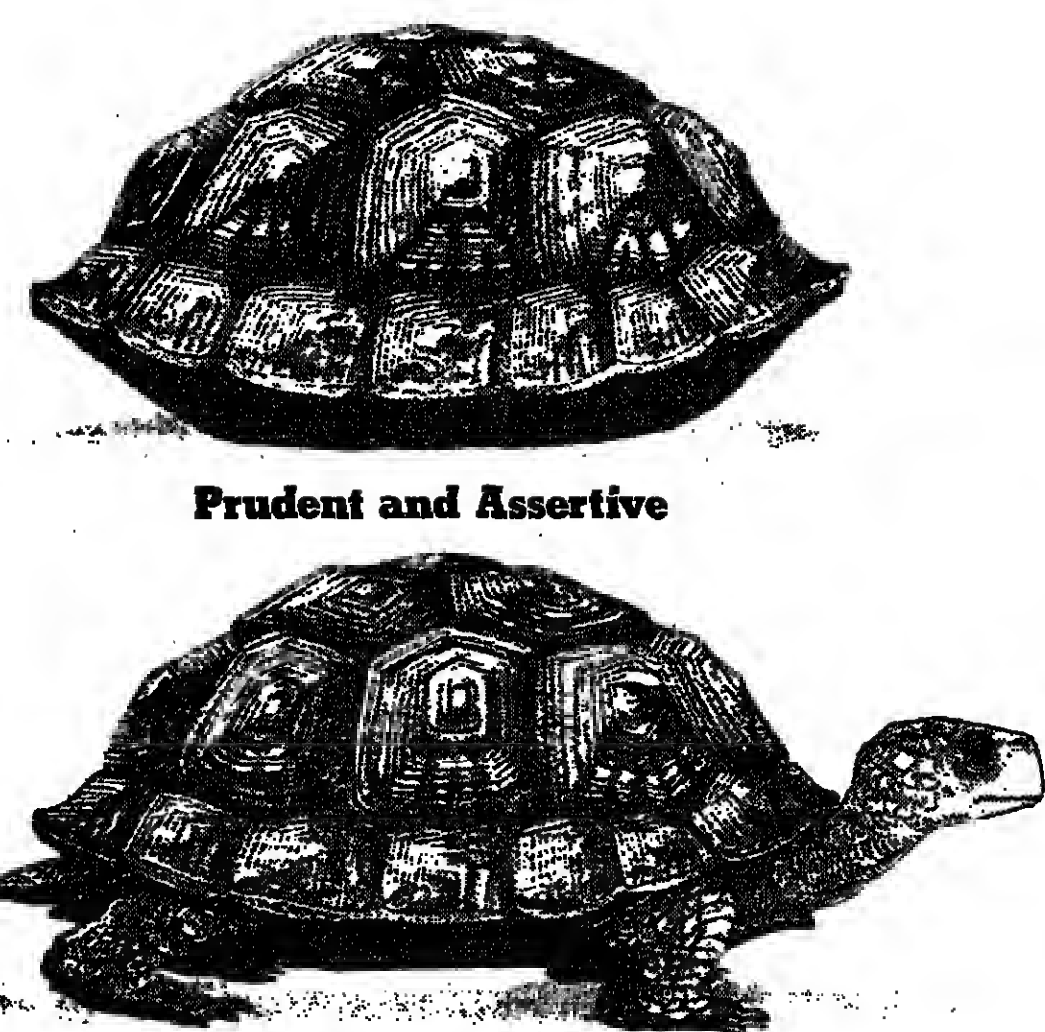
The Chiswell Street Brewery, in the City of London.



Functions Office, Whitbread and Co. Ltd., The Brewery, Chiswell Street, London EC1Y 4JD. Tel: 01-506 4455. Please send me further information on the facilities you can provide.

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CATHAY PACIFIC AIRWAYS

Britain's Trade Secretary, Mr John Nott, caused a stir in the airline world last month when he decided to licence three new carriers for the vital route between London and Hong

Kong. The first airline to take up Mr Nott's invitation is Hong Kong's own airline, Cathay Pacific Airways, which starts a three-times weekly scheduled service from London's

Gatwick Airport today (July 17th). In this supplement, Philip Ray describes Cathay's extensive international operations and its plans for this new London route.

Britain's biggest independent airline ready to break the London-Hong Kong monopoly.

BY PHILIP RAY



Duncan Bluck, Cathay's Chief Executive and Deputy Chairman.

The chances are that comparatively few people in Britain had heard of Cathay Pacific Airways before last month's decision by the Trade Secretary, Mr John Nott, to open up the air route between London and Hong Kong to all comers, breaking a long-standing British Airways monopoly. So it may come as a surprise that Cathay can lay claim to being the largest independent British airline, even though the closest its network has ever come to the UK until today is

Bahrain. Cathay carried more than 2.6 million passengers last year and with the introduction of services into London it now operates to 23 cities.

Route strength

The airline has built up to its present size entirely on the strength of its route network radiating from its main base at Hong Kong. But since 1948, it has been owned by the City-based Swire Group, which currently holds 60 per cent of Cathay Pacific's equity via its

Swire Pacific subsidiary. A further 25 per cent is held by the Hong Kong and Shanghai Banking Corporation and the remaining 15 per cent by British Airways Associated Companies.

However, whatever direct influence British Airways may have had on Cathay's operations at one time seems to have evaporated now. The two airlines already compete on a number of sectors in the Far East and will be fighting strongly for the London -

Hong Kong traffic.

More flights

While Cathay Pacific's name has not been widely known in the UK until recently, it is familiar to regular travellers to the Far East - it operates more flights in and out of Hong Kong than any other carrier - and to the British travel trade, Cathay has maintained a London sales presence since 1964 to tap business from UK travel agents and from other airlines. This business has increased tenfold in the 16 years that the office has been open and turnover this year was running 20 per cent ahead of 1979 even before Mr Nott's decision to grant Cathay the London route was announced.

In the past month, Cathay's name has become much more familiar in the air-travel market-place. It stole a march on its competitors by placing prominent advertisements in the national press the day after Mr Nott's announcement and has followed this up with a hard-hitting campaign over the launch period. And it scored a major competitive point by ensuring that it will be the first of the new carriers licensed for the route actually to start operations.

There had been speculation for some years in the airline business that Cathay Pacific ultimately wanted to serve London, and these rumours were reinforced in 1976 when it inaugurated a route from Hong Kong to Bahrain - a logical stepping-stone for a service to the UK.

Cathay's planners had certainly examined the possibility of a London service from time to time but the idea had always been turned down. The Labour Government's attitude to airline competition and the fact that British Airways holds 15 per cent stake in Cathay were inhibiting factors, but the return of the Conservative Government in May last year meant that the prospects for competition on the London-Hong Kong route were much brighter. Pressures for a competitive air service were also building up from the Hong Kong business community, which was becoming increasingly dissatisfied with the poor punctuality and seat availability on British Airways' services.

Controversial

Cathay's decision to go ahead with an application for a London-Hong Kong service was followed by one of the most protracted and contro-

versial licensing battles for many years with two other carriers, British Caledonian and Laker, also seeking the route. Lengthy public hearings took place before both the Hong Kong Air Transport Licensing Authority and the UK Civil Aviation Authority and the saga ended with Mr Nott's decision to grant licences to all the applicants.

In his formal decision, Mr Nott said that it would be "reasonable" for airlines based in the UK to be granted exclusive rights for services between London and Hong Kong where there was an airline in the territory "willing and able" to operate on the route. Mr Nott also accepted the evidence submitted to the CAA on the loyalty which Cathay commanded in Hong Kong and on the traffic which it could feed into the London service from other points on its network.

Battle

The stage is now set for a competitive battle on the Hong Kong route reminiscent of the North Atlantic after the introduction of the Skytrain service. The difference, though, is one of scale. The London-New York route - served by two British and two US airlines - accounts for about 1.25 million scheduled passengers a year while no more than about 200,000 passengers travelled between London and Hong Kong last year. In Mr Nott's view, however, there is a "large, untapped market" for the route if fares are pitched at the right level.

Cathay's management must have greeted Mr Nott's ruling with mixed feelings. The airline was certainly delighted that it had scored a notable victory by persuading the Trade Secretary to overturn a CAA decision for the first time since the Authority was set up in 1972. At the same time, though, Cathay had argued at the CAA hearing that there should be only two carriers on the route - itself and British Airways. Its chief executive, Mr Duncan Bluck, told the Authority that under a multi-airline regime all the carriers would be operating at less than break-even loads so that development of the route would be inhibited.

Determination

To license all three applicants, said Mr Bluck, would result in "wasteful duplication" of effort and in any such confrontation Cathay would be the only survivor. This tough attitude underlines the

airline's determination to succeed on the London-Hong Kong route, and the implication behind Mr Bluck's comments to the CAA is that the airline is prepared to invest heavily in order to maintain its competitive position.

The airline is certainly in a strong financial position to stand up to tough competition; in fact, its home ground in the Far East is one of the world's most competitive airline environments, where International Air Transport Association agreements on fares have never held much sway. Cathay has operated profitably every year under Swire ownership and its annual growth rate over the past 20 years has averaged 22 per cent.

Profit

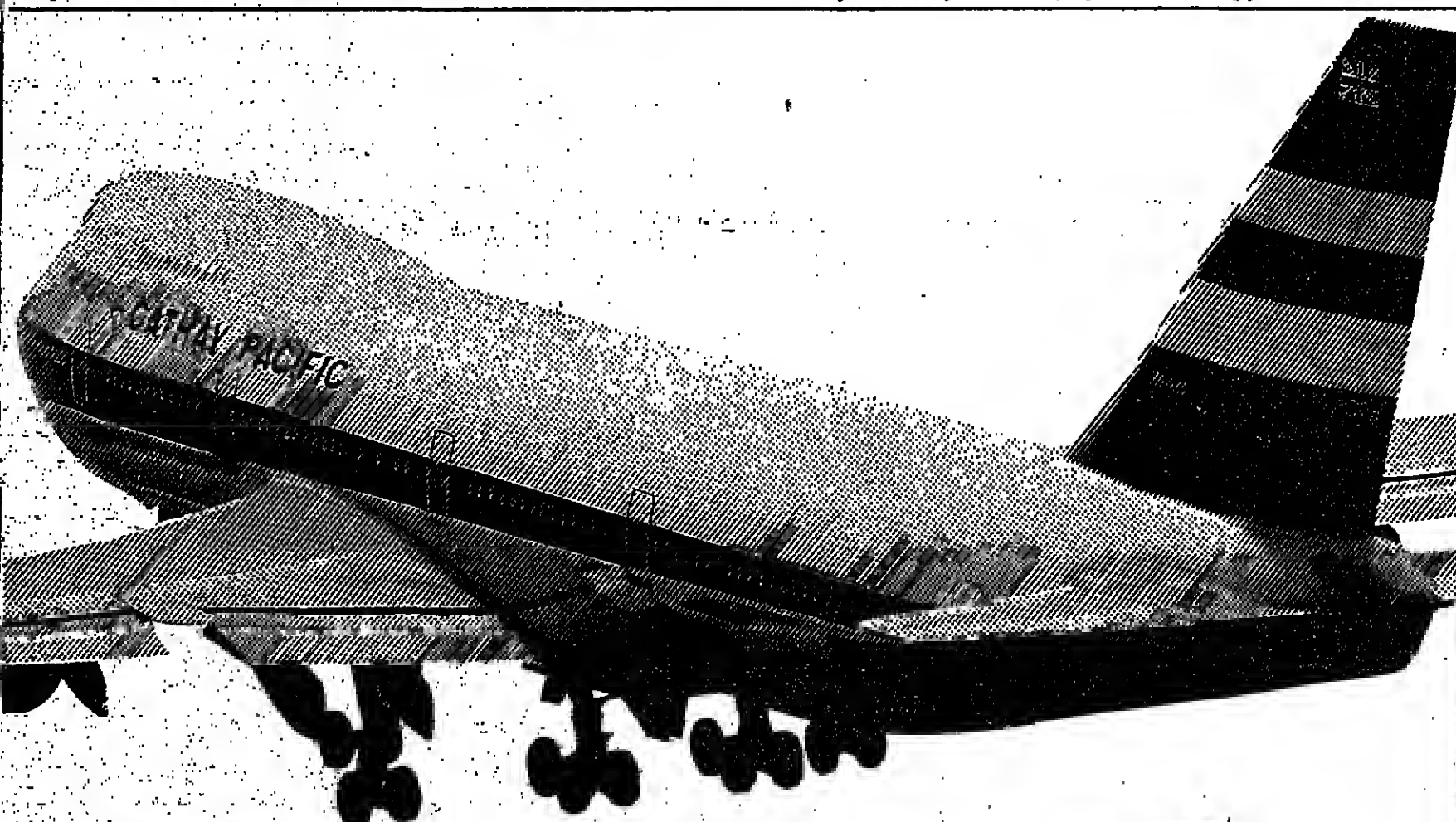
Cathay Pacific does not publish its profit figures, but Swire Pacific's annual report for 1979 shows that its airline and airline services division - which includes both Cathay and its related aviation activities - had a turnover of HK\$2,111 million (about £182 million) and an operating profit of HK\$225 million (£19.4 million).

Much of the airline's underlying strength is rooted in its diverse activities as a group. Cathay looks after ground handling for 37 airlines using Hong Kong's Kai Tak Airport, and its associated company Hong Kong Aircraft and Engineering Company (HAECO) undertakes maintenance not only for Cathay itself but also for a number of airlines operating into Kai Tak. Another associated company, Swire Air Caterers, prepared up to 18,000 meals a day for 26 airlines in its kitchens at the airport.

Buying British

While billing itself correctly as "Hong Kong's own airline", Cathay emphasises its basic nationality by buying British wherever possible. It has usually bought US-built aircraft but it has specified Rolls-Royce engines for all its Super Trident and Boeing 747 fleets. In fact, it expects that by the end of 1982, when its Boeing 707s will have been phased out, it will be the only international airline in the world to have a completely Rolls-Royce-powered fleet.

Apart from Rolls-Royce engines and spares, Cathay has also bought a significant amount of equipment from UK companies, including flight simulators, seats and galleys, and all its substantial insurance is placed through London brokers.



Why Cathay Pacific offers you the best deal to Hong Kong.

From today, Cathay Pacific flies Rolls-Royce powered 747s to Hong Kong three times a week. And you can count on us to give you the lowest bookable fares for this route.

And by 'bookable' we mean fully-bookable. No standby; no telling you the week but not the day.

It's up to you, of course, how you want to fly. But we believe most people don't like to be left in the air about their travel arrangements. So if you book 14 days in advance for our mid-week advance purchase Budget Fare, you'll know exactly which flight you're on, right from the start.

The price is £151. If you've seen the advertisements you'll know that other airlines offer to take you for a bit less than that, provided that you're prepared to put up with the inconvenience. But with us you have the comfort of knowing that your seat is reserved on the flight of your choice.

Your Travel Agent has all the details of Cathay Pacific's straightforward fares - the best deal to Hong Kong. Or phone us - 01-839 5533/6981.

CATHAY PACIFIC
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HONG KONG'S AIRLINE
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CATHAY PACIFIC

CATHAY PACIFIC FACTS AT A GLANCE

| | |
|-------------------------------------|--|
| Fleet: | 2 Boeing 747-200B 9 Lockheed Super TriStar 4 Boeing 707-320C |
| On order: | 3 Boeing 747-200B |
| Flights per week: | 400 |
| Unduplicated route mileage: | 48,160 |
| Passenger carryings 1979: | 2,629,536 |
| Average passenger load factor 1979: | 67.3% |
| Cargo carried 1979 (tonnes): | 86,230 |

CATHAY PACIFIC AIRWAYS

ADVERTISEMENT

Firm booking the keynote of new Hong Kong fare structure.

It is, perhaps, a measure of Cathay Pacific's confidence in its prospects for the London-Hong Kong route that it has outjoined in the headlong rush to come up with the lowest fare on the route.

What Cathay does claim, though, is that its mid-week budget fare of £151 one-way is the lowest to give the traveller a firm booking on the flight of his choice. It points out that lower fares offered by its competitors on the route are available only on a "take-a-chance" basis, either as a last-minute standby fare or as a "conditional reservation" for which the passenger can nominate only the week in which he wishes to fly and the airline itself chooses the actual flight.

Firm Bookings

Cathay Pacific says that it gave "careful consideration" to the introduction of standby fares but in the end considered them to be "unsuitable" for both the Hong Kong environment and the traveller. It feels

that the typical passenger to Hong Kong wants firm bookings - both for his flight and for hotel accommodation. A breakdown of the full Cathay Pacific fare structure between London and Hong Kong is shown in the accompanying panel.

Cathay will be starting its London service with three flights a week initially, the level for which it is licensed by the Hong Kong Air Transport Licensing Authority. It can always apply to the Licensing Authority for an increase in this frequency, although it is likely to take a cautious attitude towards expansion until it has a better chance of seeing the results of the tough competition on the route.

It is operating from Gatwick every Monday, Thursday and Saturday at 10.15 hrs, calling at Bahrain from 18.25 to 19.25 and arriving at Hong Kong at 08.15 the following morning. In the opposite direction flights leave Hong Kong on Wednesday, Friday and Sunday at 22.40, calling at Bahrain from 01.55 to

02.55 and arriving at Gatwick at 07.45. The flights are not at present available to passengers travelling only between London and Bahrain.

Cathay is operating the London-Hong Kong route with the 408-seat Boeing 747-200B powered by Rolls-Royce RB.211 engines, and it will be offering the three-class system which is rapidly becoming the norm on long-haul international services.

Sleeper Seats

The most expensive first-class one-way fare of £1,124 provides passengers with one of the 12 sleeper seats in the upper-deck lounge of the 747. These seats are pitched at a generous 55 degrees and recline by 58 degrees so that passengers can enjoy a sleep in comfort on the overnight sectors of the flight.

There are 26 additional first-class seats on the main deck, but as passengers do not have access to the upper sleeper deck they qualify for a 10 per cent discount on the full first-

class fare.

The cabin immediately behind first-class has 54 seats for full-fare economy-passengers travelling in what Cathay is marketing as "Marco Polo" class, and they qualify for special check-in procedures and more lavish in-flight catering, while adjacent seats are left empty wherever possible. The remaining three cabins, with a total of 316 seats, are allocated to passengers travelling on all other fares.

High Reputation

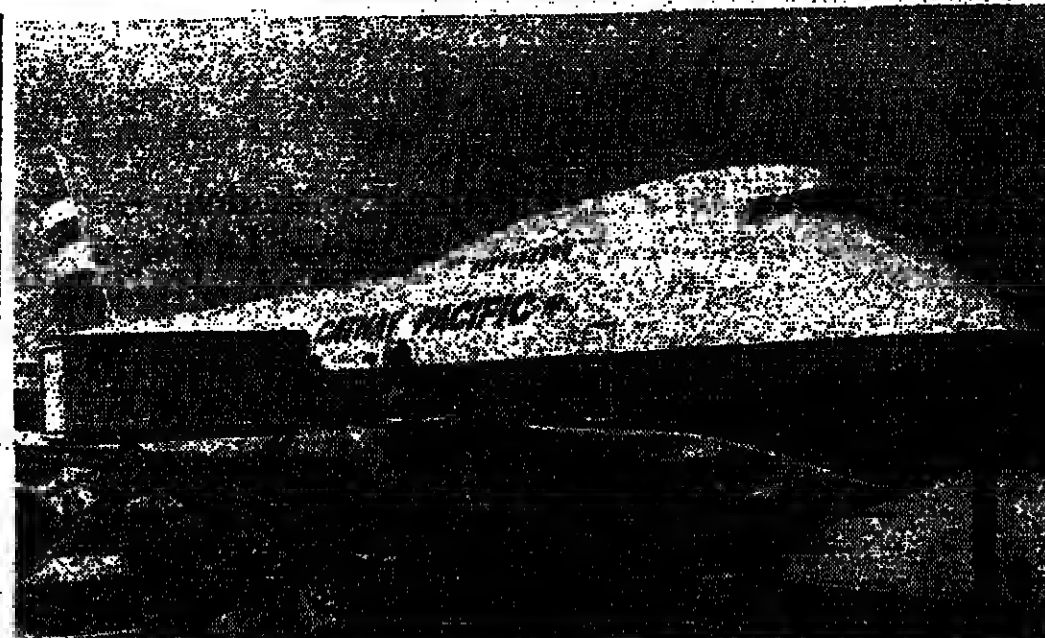
Cathay Pacific has never been a member of the International Air Transport Association, so it has not been inhibited by restrictions on what it may serve to its passengers. As a result, the airline has acquired a high reputation for its cabin service and has won a number of international cuisine awards. It will be pulling out all the stops to maintain its standards on the London run with 19 cabin attendants, all Asian, allocated to each flight.

Children's Menu

Free drinks will be served on all sectors and there will be a choice of menu in first class and Marco Polo class. A typical first-class lunch menu will include Scotch smoked salmon and a choice of roast Angus beef, grilled Veal Morel or ginger duckling. Shan Tung followed by cheeseboard and fresh fruit or fruit tart. Less sophisticated fare will be provided for children, with such gastronomic delights as spaghetti meat balls and frankfurters. For addicts of in-flight movies, one film will be shown between Gatwick and Bahrain and another between Bahrain and Hong Kong.

New London Office

To market the new service in the UK, Cathay has opened a street-level office in London's Pall Mall, with reservations terminals linked directly with the central computer in Hong Kong so that seat availability can be confirmed instantaneously.



Cargo loading at Kai Tak.

New cargo connection eases Far East capacity problem.

As befits an airline based in a notable entrepot centre like Hong Kong, Cathay Pacific Airways is much more heavily involved in the air-cargo market than many of its competitors.

Last year it carried more than 86,000 tonnes of freight on its system and this accounted for no less than 20 per cent of the airline's total revenue. And Cathay emphasises the importance of cargo by operating one of its Boeing 707-320Cs in an all-freight configuration on scheduled

services between Hong Kong, Bangkok, Singapore, Tokyo and Kaohsiung, while belly-hold cargo is also carried on all its scheduled passenger services.

Even before gaining its licence to operate between London and Hong Kong, the airline has built up strong connections with cargo shippers in the UK and on the Continent and this European business is already providing Cathay with more than \$2 million (US) worth of business a year.

The new three-times-weekly service between Gatwick and Hong Kong now gives Cathay a chance to exploit this "traffic" more aggressively. "There is a need for more cargo capacity from the UK to Hong Kong," says Mr. Ted Smith, Cathay's general manager for Europe. "At present many shippers are having to truck consignments to the Continent."

Cathay's cargo sales drive is also majoring on the fact that it will be able to offer shippers single-airline service to all the 20-plus cities on its Far East network. The Boeing 747-200B which is operating the Gatwick-Hong Kong link can carry up to 12 tonnes of freight in its bellyhold in nine LD-3 containers and four 96 x 125

pallets. Cathay's general manager, Europe, Mr. Ted Smith, says that prospects for the route are "looking good" and that a lot of business has been expressed by shippers in the new service.

The airline has a new cargo facility in the freight area at Gatwick Airport, taking over offices previously used by British Cargolift and by recruiting three controllers. It is also setting up its own trucking operation to transfer shipments between Heathrow and Gatwick.

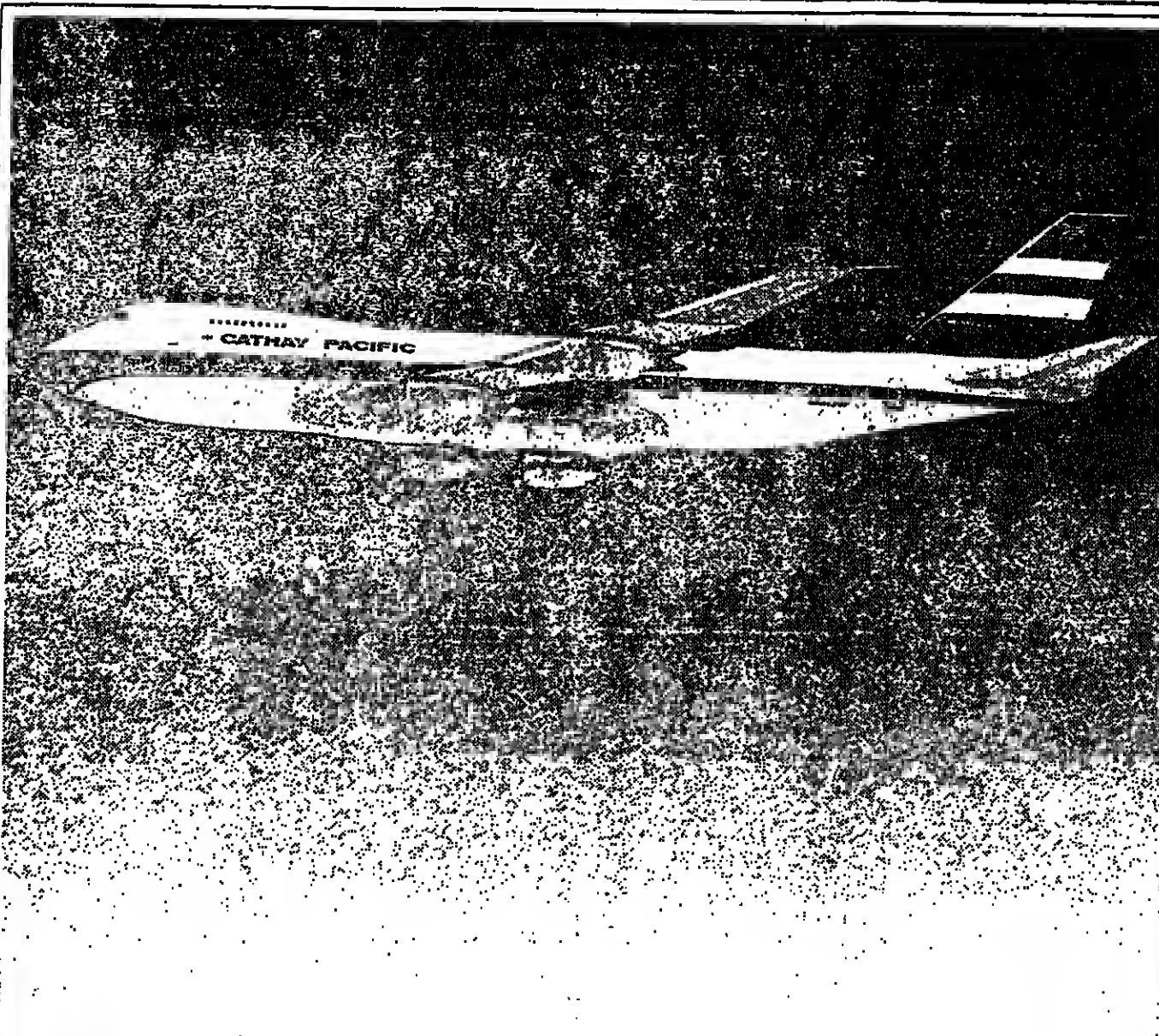
Trade between the UK and Hong Kong is running at healthy levels so Cathay does not expect too many problems in selling its cargo capacity on the new route. It points out that Britain increased its exports to Hong Kong by 46 per cent last year and was the colony's "largest source of imports" while exports from Hong Kong to the UK in 1979 went up by no less than 54 per cent over the previous year.

Typical consignments which Cathay expects to carry from the UK will be British cloth and electrical parts which will be made up into finished products in Hong Kong and then air-freighted back to the UK.



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CATHAY PACIFIC AIRWAYS

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New Gatwick feeder route to extensive Orient network.

One side effect of the decision by the Trade Secretary, Mr John Nott, to liberalise the air route between London and Hong Kong is that it could well open up a "battle of the gateways."

The attractive low fares now available on the route mean that business and holiday travellers to the Far East may well find that they can make substantial savings by booking to Hong Kong rather than to

rival gateways like Singapore or Manila, and then taking a connecting flight to their final destination.

More Flights

Cathay Pacific is well placed to cater for an influx of new traffic using Hong Kong as a Clapham Junction of the air because it operates more flights in and out of the colony than any other airline and serves virtually every

destination of importance in the Far East region.

In fact, the existence of Cathay Pacific's feeder network was an important factor in Mr Nott's decision to grant it the London route, because many of the destinations which it serves in the Far East have no direct air links to the UK.

The days are long since gone when Cathay Pacific could be regarded mainly as a short-

haul airline. Its route from Tokyo to Sydney via Hong Kong, for example, is 6,551 statute miles - further than London-San Francisco (5,351) or London-Bangkok (5,929).

Frequent Services

One of Cathay's best qualifications for the London route is that it is not exactly unfamiliar with competition. Between Hong Kong and Tokyo, for instance, it has to fight for market share against about a dozen other airlines and it operates three flights a day on the route. It faces even more competition on the Hong Kong-Bangkok sector, too, which it has up to four flights a day, and it also offers frequent services on other highly competitive regional routes from Hong Kong to Singapore, Kuala Lumpur, Manila, Seoul and Taipei.

In Japan, Cathay serves Fukuoka, Osaka and Nagoya in addition to Tokyo, and to the south, regional gateways include Penang, Jakarta, Kota Kinabalu, Brunei and Port Moresby.

Australia Route

Cathay's first long-haul routes were to Australia, where it now serves Sydney,

Melbourne and Perth, and subsequently it introduced flights from Hong Kong to Dubai and Bahrain - a move which first led to speculation that it eventually wanted to serve London.

Bahrain Stop

Bahrain is, in the event, the one and only en-route stop for the Gatwick-Hong Kong service. At present Cathay does not have traffic rights to carry passengers travelling only between London and Bahrain, although the airline's chief executive, Mr Duncan Black, told the UK Civil Aviation Authority earlier this year that he did not anticipate any difficulty in obtaining these rights.

Shanghai Service

One of the latest additions to Cathay's network has been a twice-weekly service from Hong Kong to Shanghai and, under the terms of the UK-China air services agreement, it eventually expects to serve Peking as well.

Cathay does not yet have a trans-Pacific route, although it has ambitions to fly from Hong Kong to Vancouver, a route which is not currently served by a British carrier.



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Any airline based on the basis of free enterprise like Hong Kong has to stand or fall by its own efforts, and Cathay Pacific's development over the years has been achieved without any Government subsidy - unlike many of its competitors.

It started operations immediately after the Second World War when two wartime pilots - one an Australian and one an American - decided to form an airline and registered Cathay Pacific in Hong Kong in 1946.

Using Douglas DC-3s, they started a classic "tramping" operation, flying woolen goods from Sydney to Shanghai via Manila, picking up whatever cargo or passenger traffic was available for the return flights.

The DC-3 fleet was expanded and charter traffic built up until 1948, when governments began to become more involved in the regulation of the burgeoning post-war air transport business and started rationalising air routes and the airlines that operated them.

Cathay Pacific was granted traffic rights on southbound routes from Hong Kong to 1948, and the same year the long-established Swire Group took a majority share in the airline with Australian National

Airways - later absorbed by Ansett Airlines of Australia - buying a minority stake. The Swire Group still has the majority 60 per cent shareholding in Cathay Pacific, with the Hong Kong and Shanghai Banking Corporation holding 25 per cent and British Airways Associated Companies the remaining 15 per cent.

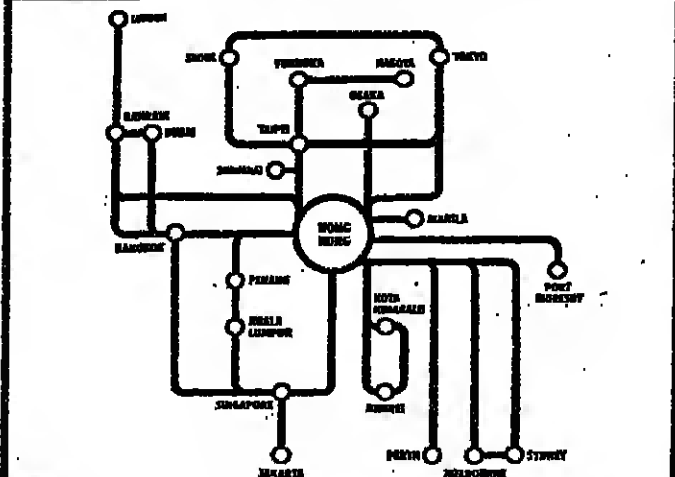
The injection of new capital in 1948 provided the impetus for a programme of rapid expansion which has continued to the present day and was helped by the acquisition of another airline, Hong Kong Airways, in 1959. At the time of the Swire take-over Cathay's fleet consisted of seven DC-3s and two Catalina flying-boats, and the airline operated scheduled services from Hong Kong to Manila, Bangkok, Singapore and Rangoon. In 1949 it added a DC-4 and opened new routes to Saigon, Haiphong and North Borneo.

During the 1950s Cathay continued to add new routes and expanded at an average annual growth rate of more than 20 per cent compared with 10 per cent for the airline industry generally. The fleet was also modernised by the addition of DC-6 and DC-6B aircraft, fol-

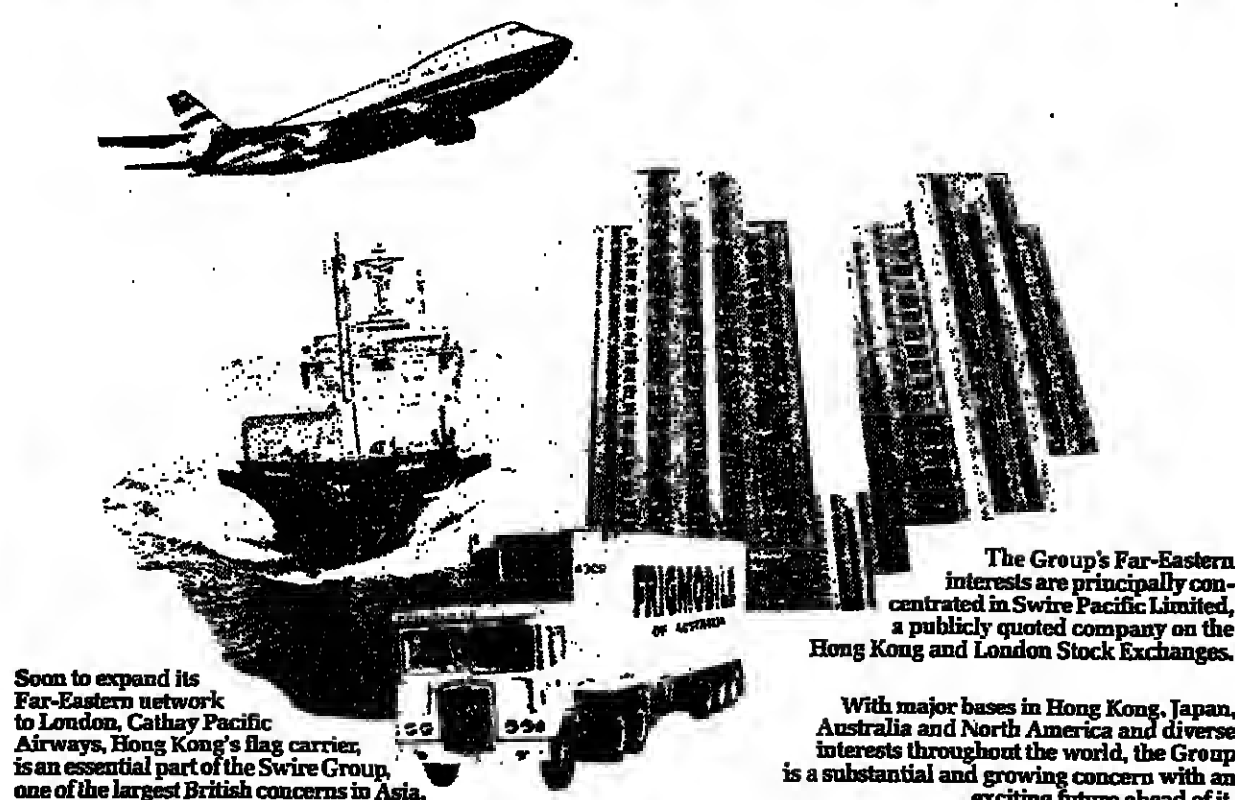
lowed by one of the first of the new generation of turboprop airliners, the Lockheed Electra.

In the early 1960s Cathay entered the jet era with the purchase of nine Convair 440s, which were replaced in the 1970s by 12 Boeing 707s. The mid-1970s saw the introduction of wide-body jet equipment in the shape of nine Lockheed Super TriStars and, more recently, Cathay Pacific has bought the Boeing 747, the type which is operating the new service between London (Gatwick) and Hong Kong. The airline currently has two 747s in service and three more are on order.

Expansion of Cathay's route network has continued steadily and it is now one of the most extensive in the Orient. From being a purely regional airline, Cathay has gradually extended its operations to the point where it is now a major international airline in its own right, with its network extending from Korea in the north to Melbourne in the south and, now, to London in the west. Its system now extends over 48,160 unduplicated route miles and it has more flights in and out of Hong Kong than any other airline.



The Group behind Cathay Pacific



Soon to expand its Far-Eastern network to London, Cathay Pacific Airways, Hong Kong's flag carrier, is an essential part of the Swire Group, one of the largest British concerns in Asia.

The Group's Far-Eastern interests are principally concentrated in Swire Pacific Limited, a publicly quoted company on the Hong Kong and London Stock Exchanges.

With major bases in Hong Kong, Japan, Australia and North America and diverse interests throughout the world, the Group is a substantial and growing concern with an exciting future ahead of it.

Take one look at our extensive activities and you'll see what we mean.

Shipping

The Group acts as agent for many of the major British shipping lines. The China Navigation Company, a wholly owned and managed subsidiary, operates a modern fleet comprising bulk carriers, cargo ships, parcel tankers and passenger liners trading throughout the Pacific and elsewhere. The Group also operates extensive container terminal facilities.

Aviation

In just over 30 years, Cathay Pacific has grown into a major international airline with a fleet of Lockheed Super Tristars and Rolls Royce powered Boeing 747s covering one of the most extensive route networks in Asia. Aircraft engineering and other vital support is provided in Hong Kong by HAECO and other Group interests.

Property

Swire Properties Limited is developing Taikoo Shing, a new town comprising 10,000 apartments for approximately 45,000 people and over 3m sq. ft. of commercial and leisure space - the largest project of its kind in Hong Kong. Other important interests include substantial real estate development in the U.S.A. and Malaysia.

Industry

A major part of Swire Pacific Limited is the Industries Division which includes soft drink bottling interests in Hong Kong and the U.S.A., paint products, sugar, consumer goods marketing, magnetic tapes, can making, engineering and the export of Hong Kong products.

Offshore Oil Support

Recently the Group has moved into the rapidly expanding field of offshore exploration support throughout the world and now operates a fleet of specialised vessels including oil drilling rigs.

Land Transport and Cold-Storage

In Australia, the Group runs large fleets of refrigerated, specialist and distribution transport vehicles as well as major cold-storage facilities in capital cities. The Group is also involved in major cold-storage facilities in North America.

Taken together the Group's interests present a balanced picture of size and diversification working together as a thriving commercial and industrial enterprise with a vital role to play in the continuing economic development and prosperity of Hong Kong, the Far East and the Pacific Basin.



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هكذا من الأفضل

THE ARTS

Record Review

British lions by KEVIN HENRIQUES

When the history of British jazz is eventually written Chris Barber and Humphrey Lyttelton will figure prominently and their influence on the development of the local scene, as musicians and even on audiences will receive due documentation and recognition. Both men have trodden separate and highly personal paths, both have achieved reputations as the jazz they played at the outset of their respective careers. The music of both has evolved in a way which is natural yet paradoxically, not totally unpredictable.

The striking evolution of trombonist Chris Barber's music is fascinatingly outlined on the tracks of the three-volume *Chris Barber Story* (Black Lion, BLM 51003 to 5), the sets chronologically entitled "In the Beginning", "Visiting Influences" and "In the Seventies". Starting with the leader's on-stage 1940 voice-over on the "Swing" record, Barber's music is represented by his 1949 band of the 1940s, the various shifts in style and approach are recalled in performances (quite a few live) which practically all his leading sidemen of the past 30 years are represented.

This surreal biography of Chris Barber and his (now titled) Jazz and Blues Band, offers delights so numerous that not even a handful can be mentioned. But do compare the early, insecure playing of trumpeter Pat Balcox with his most recent efforts, especially on angel-horn (on "Oro" for instance). His improvisations are now exuberant and mostly rounded; he is arguably the most creative improviser the band has had.

Devotees of Barber's enthusiastic blues policy will savour the bluesy pop-rock guitar of Rory Gallagher on "Dart that Prada Rat" while elsewhere other guests with the band include Ray Nance, Russell Procope, Edmund Hall, Louis Jordan, Sonny Boy Williamson, plus a couple of gospel sounds from Alex Bradford.

It so happens that Barber and Lyttelton, two of the leading lions of British jazz, record for the same label, Black Lion.

Among recent releases from the trumpeter are a "best of" compilation and an album recorded last February with his present line-up. *The Best of Humphrey Lyttelton* (BLM 51002) does not hark back to his early days but picks up the story somewhere in the early 1970s—unlike the Barber set this issue is strangely coy about recording dates.

As always with Lyttelton the music is a mixture of familiar tunes wrapped in a freshly minted, never gimmicky package, plus originals by the leader himself. His trumpet duet with Mick Pyne on "That's my home" is a shining gem. Along the way there are stand-out contributions from baritone saxist Malcolm Everson and Stohart, both no longer with the band, as well as consistently inventive solos from altoist Bruce Turner. There are also two songs from Elkie Brooks to remind us of a genuine jazz influenced singer lost to the more lucrative pop world.

One Day I Met an African (BLP 12199), named after a Kenny Graham original from the 1959 band and re-done here, underlines the quality of the current Lyttelton group. Its most recent recruits, trombonist Roy Williams and saxist Johnny Barnes, excel throughout. The broad compass of Lyttelton's constantly enterprising policy is forcefully illustrated by the material which ranges from one of his own pieces, "Hopfrog", breezily done as a feature for the Baroque Ensemble (the band minus the rhythm section) and the Tadd Dameron bebop standard "Hot House" where Mick Pyne shows his versatility as an impressive cornet player.

Another Black Lion artist is trumpeter Digby Fairweather who, incidentally, wrote the sleeve note for the Lyttelton compilation (incest is obviously de rigeur on this label) and his *Going out Stepping* (BLP 12210) is a peach of an album of songs associated with the 1930s. It would be pleasant to recommend it unreservedly but two reasons obtrude. First, the needless inclusion in places of synthesiser sounds, doubtless in place

of a string section which would itself have been superfluous. Second, and more serious, on some of the absurdly small number of records manufactured there were pressing faults (mine was one) and would-be buyers should insist on hearing both sides before parting with their money.

Another lion of British jazz is tenorist Tony Coe who has often shown he has nothing to fear when placed alongside those tough brutes from the U.S. He proves this again on an album recorded live at the Pizza Express in Dean Street, W.1, last year. (Pizza PE 5504).

Sharing the stand with him is that gurgling, flamboyant ex-Basie trombonist Al Grey whose happy jazz outlook contrasts perfectly with Coe's more serious, more searching playing, always tinged with his very personal lones. In six familiar standards, which together add up to a generous playing time of 52 minutes, the two sprk each other into some top-notch playing.

In the rhythm section pianist Brian Lemon plays so well as to shame the many who have taken him for granted so much in the past. An added piano bonus is the substitution on some tracks of American Roger Kellaway who, every time he drops in on a London session, forces listeners and musicians alike to sit up with a jolt.

Leaving the white lions of British jazz and turning to the black lions from America full-length recommendation extends to two releases featuring the music of bassist/composer Charlie Mingus who died last year. The first is a double album (Atlan-

tic SD 2-3001), recorded by his group live at the 1960 Antibes Jazz Festival and never previously released. All compositions are by Mingus except "I'll Remember April" on which guest pianist Bud Powell is featured. The others are typically energetic, surging Mingus opuses, full of variety and time changes.

"Wednesday Night Prayer Meeting" and "Better Git It in Your Soul" are two off-beat Mingus pieces which receive thorough examination from soloists Ted Curson (trumpet), Booker Ervin (tenor-sax) and

Eric Dolphy on alto-sax and bass clarinet, all spurred by the totally committed Mingus. All the qualities forever associated with the bassist, notably throbbing excitement, are manifest on this outstanding LP. Inevitably similar excitement is missing from *Choir in the Sky* (WEA 99 081) by Mingus Dynasty, the group of former Mingus sidemen put together by his widow and which played at various European festivals last summer. The group on this record is not quite identical but there is much good music to be heard.



Chris Barber

Lyttelton

The Elephant Man

Bernard Pomerance's interesting play is not much changed since I saw it at Hampstead nearly three years ago, though the production, under Roland Rees, is enlarged to fit the bigger stage of the Lyttelton. It tells the story of John Merrick, a man hideously deformed, who was rescued from public exhibition by the surgeon Frederick Treves and turned from near-animal into something like a man.

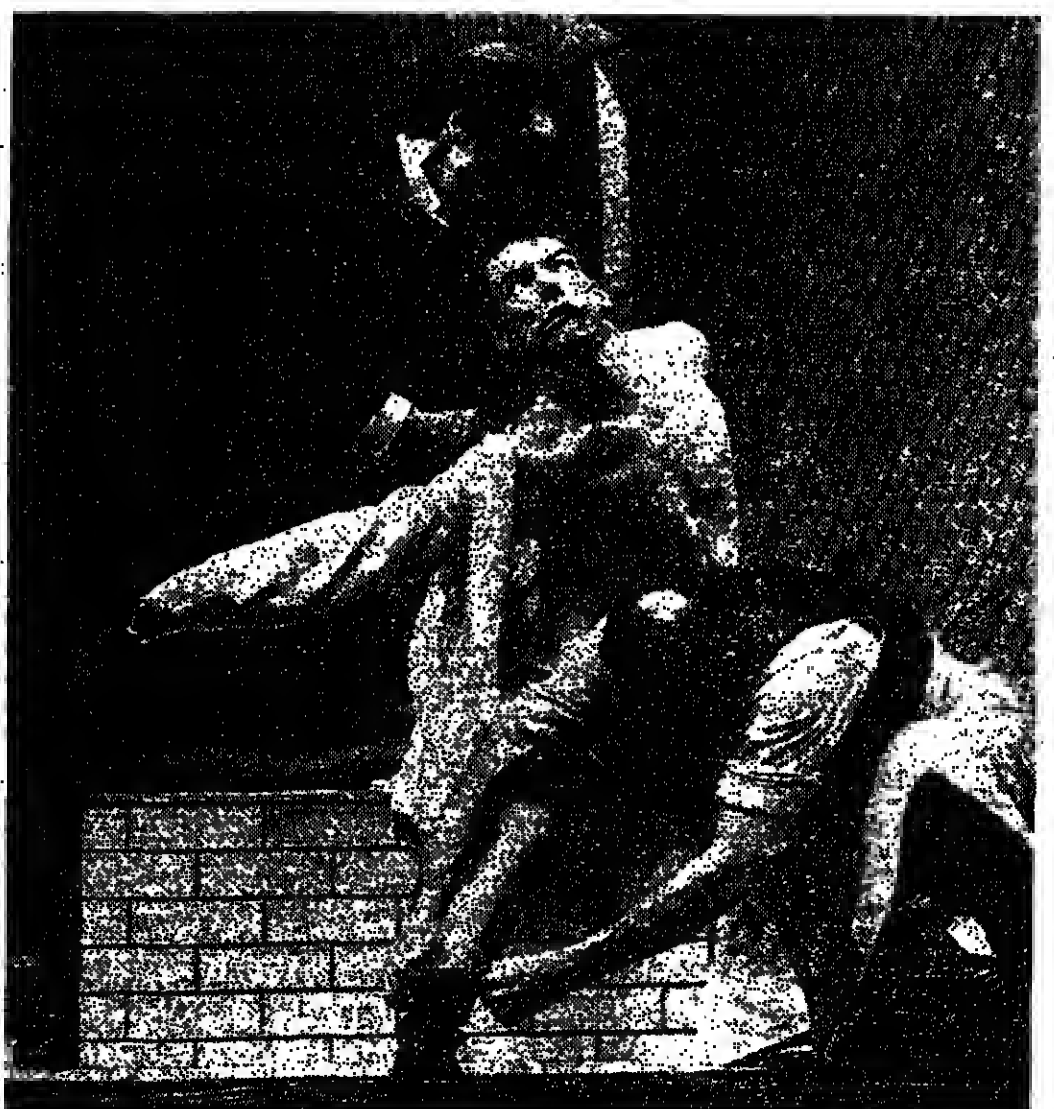
The wealthy and the aristocratic visited him, to persuade him that normal communication was possible to him. The clergy told him about Heaven, where the crooked are made straight. Madge Kendal, the actress showed him her body, much to

Treves's indignation. What they could not do was cure his deformities, and though when he died four years after admission to hospital he had acquired the beginnings of culture, he died unhappy and unfulfilled.

Merrick is given a remarkable performance by David Schofield, who can turn his normal, indeed handsome, body into that of a hideous cripple by a displacement of his hips, shoulders and legs, without the use of any artificial help. His terrible state is emphasised by the contrast with Peter McEnery's Treves, ideally upright and proper—another admirable performance, Jennie Stoller as Mrs. Kendal has the only other deeply written part.

Mr. Pomerance's writing, in fact, is never quite as good as his story deserves. The play is divided into short, phlegmatic scenes like the squares of a strip cartoon, and the language mixes flowery Victorian with intrusive phrases like "You're telling me," "OK," "Bloody," "Having me on." When I saw the play before, I sensed some disapproval of the upperclass interest as if they were playing their Christian-morality cards out of mere condescension. I didn't feel this on Tuesday night: indeed the better classes come out of it topped than they are often allowed to nowadays. But sociology apart, the play should not be missed.

B. A. YOUNG



Peter McEnery, David Schofield and Arthur Blake

Riverside Studios

A Dying Business

Roy has returned home to Trinidad for a funeral and is arranging wreaths round the open coffin. Gentle as always, Mustapha Matura's contribution to Plays Umbrella suggests early on that Roy is out to revenge the death of his hard-working father. To this end Roy has ordered all the wreaths himself, in order to attract more mourners and a few contributions to a memorial fund.

Given so Jonsonian a plot device, it is surprising how attenuated Mr. Matura's comedy then proves. For a start Michael Joyce's production never really recovers from an offstage participation in the conversation by Roy's mother, who eventually appears in a black veil to impress the gathering. When we can hear Ivonne Albé during that first half hour, she comes across as a calculat-

ing snob, softened by a characteristic mature line in idiomatic inflections. Apart from the coffin, a couple of purple drapes and a severe formation of hired funeral chairs, Alison Chitty's stage picture is a barren composition. And Mr. Joyce has trouble preventing his cast from standing in a straight line to compare stories about the dead man, and after the interval, to drink a series of bectic toasts to the deceased, the Prime Minister, and, in a tipsy climax, the Queen.

Although there is a reasonably funny conclusion to Act 1, with Joe Marrell's grisly old friend and Rudolph Walker's pretentiously fat-cat boss writing cheques in competition with each other on either side of the coffin, the comedy is in sore need of a textual boost. Roy's revenge drive disappears for long periods allowing Lucia

Lijerwood to swagger ingratiatingly around the stage as an intrusive friend who has combined with the dead man to ensure security in the home. Roy returns to London and his "accountancy career" (we are invited to guess at a more rakish interest in figures on his part) after discovering his dad's friends are no more devoted to remembering the dead than he is.

Although a West Indian section of Tuesday night's audience received the dialogue with a rapture more appropriate to Viv Richards' massacre of Bob Willis at Old Trafford, I would place this play quite low in the Matura works. With the notable exception of Malcolm Fredericks, a live and pleasant actor, whose open countenance belies Roy's inner purpose, the acting is unashamedly coarse-grained. MICHAEL COVENEY

Holland Festival

Fools in Holland by OSSIA TRILLING

This year's Holland Festival, the 34th and therefore as old as Edinburgh, was unusual in that it overlapped with the Festival of Fools. The Holland Festival proper has recently undergone a radical and improving change. Three years ago it acquired a new "theatre director" in Arthur Sonnen, who has worked closely with its then newly-appointed artistic director, the harpsichordist Frans de Ruiter. Their policy has been to enlarge the contribution of the drama, both native and foreign, by inviting several major troupes in selection from their current repertoire. This year West Germany with indispensable funding from the Goethe Institute, sent Peter Stein's Schaubühne am Halleschen Ufer with three and the West Berlin Grips Theater with seven plays, together with a Dutch programme from the Düsseldorf Schauspielhaus: the U.S. was represented by Robert Wilson in a two-hander, and Ping Chong and The Fiji Company in a surrealistic multimedia show about colonialism, from New York; and Britalia by Lindsay Kemp.

The Festival of Fools might have been called this year's "fringe." It added a great deal of welcome fun and colour and made theatre-going an adventurous, at times even a hazardous, affair. Launched six

years ago as a Dutch event it was this year taken over by the International Theatre Institute, who combined it with its annual festival of the Theatre of the Nations, the sixth since becoming a movable feast in Warsaw in 1975, and peripatetic via Paris, Belgrade, Caracas, and Hamburg to Amsterdam. Though Mr. Sonnen claimed that the two festivals were not connected, a good many visitors used the presence of both to savour a bit of each.

The Festival of Fools lasted just under three weeks and was held in a vast dry dock in the north of Amsterdam, a marvellous—out of the way—location, because of its numerous warehouses, workshops, yards and open spaces for the use of 90 or so different productions and one-man-shows from some 50 countries. The jolly, good-humoured and raucous atmosphere of a fairground, with its booths, tents, stalls, and indoor and outdoor venues, reigned supreme, despite much hanging about and constant changing of time, place, and event, as when a Polish avant-garde troupe was refused entry by its authorities; though this non-event led to an unrehearsed open-air demonstration by a handful of individual members of the company who turned up unexpectedly.

Britain was represented by some of its better-known fringe theatres, lunatic-fringe theatres, some might be called, in view of the prevailing note of tomfoolery and circus clowning. At one end the marvellously eccentric mistress of mime Nola Rae, at the other the inamities of the Friends Mobile Theatre, with their zany audience-involvement happenings, organised in a huge, inflated, propic open-air auditorium. One provocative item among the countless solo acts was the epicene American Bob Carroll's shameless recital of the life-cycle of the river salmon, thrown at a somewhat bewildered audience with a total lack of vocal or bodily inhibition.

Much of the work of the Grips Theatre, though given at the Holland Festival proper, could have adorned the rival affair, because it was clearly written for the type of young audiences that swarmed there. A case in point was Volker Ludwig's *Naz and Mill*, for five-year-olds, or Roy Kift's *Stronger than Superman*, for eight-year-olds. Though a British Kift is now the Grips' resident dramatist, and his *A Party for Papakodis*, a drama about immigrant workers, written in German for the over-ights, which struck many a chord among Holland's multinational audiences, has been Anglicised by the author, with Pakistanis and Jamaicans replacing Greeks and Turks for its coming British première.

Albert Hall

The Light of Life

Tuesday evening's concert, given by the Royal Liverpool Philharmonic Orchestra, and Chorus conducted by Sir Charles Groves, was the final event in a short Elgar choral festival, intended to raise funds for renovating the composer's birthplace at Broadheath, Worcestershire. It was attended by the patron of the Elgar Foundation, the Prince of Wales. Previous concerts have presented the three major oratorios, but here the net was cast more widely. The wartime *The Spirit of England*, settings of Laurence Binyon (including "For the Fallen") for soprano soloist and orchestra, which mingle characteristic melancholy echoes of the later Elgar with direct quotes and paraphrases from *The Dream of Gerontius*, was the major work in the second half, however, we had heard the even less familiar product of the early 1890s, *The Light of Life*.

It has frequently been remarked that if Elgar had been born German and Richard Strauss English, the former would have written operas and the latter oratorios. The familiar Elgar canon, covering only some 20 years of his life, scarcely hints at any operatic ambitions; even in *Gerontius* the theatrical coups are already

totally integrated into the sacred choral context. But *The Light of Life* reveals an earlier stage in his development. The idea of a trilogy of New Testament oratorios occupied Elgar for much of his life—though only *The Apostles* and *The Kingdom* were completed—and this retelling of the story of Christ's healing of the blind man (in a fairly dreadful concoction of biblical texts by Edward Capel-Cure) was intended as the prelude to the cycle.

The reasons for its neglect are fairly clear on first hearing. Much of the choral writing in particular is uninspired; the use of a contralto narrator hinders instead of speeds the action; the character of Christ is never given a chance to express himself. But, there are, nevertheless, some curious side-lights on Elgar's early influences: Wagner (*Parsifal* in particular) may still be detected in the later choral works, but Verdi and Massenet were never allowed to penetrate beyond the light of Elgar's music. The English Choral Tradition would see to that. Elgar seems in a no-man's land between a more direct presentation that would need a stage, and the clipped understatement of sacred oratorio. The control

of orchestral effect is already apparent, but choral mastery came more slowly and possibly less willingly. Elgar's development from here on was mainly to purge his style of its less acceptable cosmopolitan elements.

The four soloists made what the score affords them. Margaret Marshall was later to provide a refreshingly unsentimental centre to *The Spirit of England* and here sang the aria of the mother of the Blind Man with a clear eye on its single memorable climax; Helen Watts could do little with much of the recitative (and occasionally sounded underpowered) but responded well to the single presage of the Angel's music in *Gerontius*. John Shirley Quirk and Robin Leggate had the most rewarding section of the work to themselves: the dialogue before the final triumphant chorus, in which the Blind Man affirms Christ as the Son of God. Sir Charles Groves conducted chorus and orchestra with as much commitment as he could have given to a more familiar work, and made out a good case for the work in its recorded. Less interesting works of less interesting composers are already plentiful on record. ANDREW CLEMENTS

Wigmore Hall

Buchberger Quartet

This young Frankfurt-based quartet made a vivid impression with their London debut on Tuesday. The violinists—the Buchbergers—are married to each other, the violinist and cellist (Joachim Etzel and Helmut Sohler) are not. In one of Haydn's Op. 33 quartets, No. 5 in G, their convinced intentions and general sprightliness at once declared close, imaginative preparation, with a degree of polish that was nowhere merely applied, but gleamed from wall-boned phrasing and shaping. One odd quirk: they permitted themselves untidy beginnings, and quiet conclusions were often fluffy too—as if the journey interested them more than starting or arriving.

The centrepiece of the concert was Berg's Quartet Op. 3, a febrile, violently concentrated work which has needed more than a half-century to find its proper place in the repertoire. The Buchberger players did not offer an exemplary performance—it was too personally accented for that, and too impatient with Berg's grandly dramatic rallentandos—but it was a brilliantly searching one. If the cello's versions of the opening flourish was always too throttled, many other points were unerringly seized that often escape attention altogether. The impassioned commitment was palpable—and all the sul ponticello writing, by the way, was rendered with uncompromised baleful plainness. There was scarcely any failure of focus.

The nerve-end, button-boling force of this reading would have done credit to a much more seasoned quartet. A seasoned quartet, on the other hand, would not have offered so wildly unidiomatic an account of Brahms' modest A minor Quartet from Op. 51. There may indeed be an undercurrent of anxiety in the music, but here it continually ruffled the surface and made angry whitecaps. Brahms' characteristic weighted upbeats were lunged through, even when they carried measured triplets. Interesting, certainly, but never persuasive. Still, the individual stamp of the Buchberger Quartet is so sharp that one looks forward to hearing them at length in more amenable music. DAVID MURRAY

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1975=100); retail sales value (1975=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

| | Indl. prod. | Mfg. output | Eng. order | Retail vol. | Retail value | Unemp. | Vacs. |
|----------|-------------|-------------|------------|-------------|--------------|--------|-------|
| 1979 | | | | | | | |
| 1st qtr. | 110.4 | 102.5 | 98 | 100.7 | 134.0 | 1,351 | 234 |
| 2nd qtr. | 114.8 | 107.0 | 107 | 106.2 | 144.8 | 1,299 | 256 |
| 3rd qtr. | 112.6 | 103.1 | 99 | 99.5 | 144.6 | 1,269 | 247 |
| 4th qtr. | 112.5 | 103.8 | 105 | 101.7 | 151.9 | 1,286 | 230 |
| Dec. | 111.9 | 103.6 | 104 | 101.7 | 153.1 | 1,294 | 219 |
| 1980 | | | | | | | |
| 1st qtr. | 110.6 | 100.9 | 97 | 103.2 | 157.8 | 1,379 | 193 |
| Jan. | 112.0 | 102.2 | 87 | 103.1 | 155.5 | 1,339 | 207 |
| Feb. | 110.6 | 101.4 | 98 | 103.9 | 158.5 | 1,383 | 191 |
| March | 109.0 | 98.5 | 106 | 102.6 | 158.4 | 1,414 | 181 |
| April | 107.1 | 98.3 | | 102.3 | 161.0 | 1,458 | 169 |
| May | 107.0 | 97.2 | | 100.6 | 160.2 | 1,484 | 163 |
| June | | | | | | 1,534 | 147 |

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

| | Consumer goods | Invest. goods | Intmd. goods | Eng. output | Metal mfg. | Textile Housg. etc. |
|----------|----------------|---------------|--------------|-------------|------------|---------------------|
| 1979 | | | | | | |
| 1st qtr. | 105.9 | 99.1 | 127.0 | 96.7 | 98.4 | 100.0 |
| 2nd qtr. | 106.8 | 102.7 | 133.1 | 102.6 | 110.0 | 103.4 |
| 3rd qtr. | 105.8 | 95.9 | 132.3 | 94.7 | 103.3 | 100.6 |
| 4th qtr. | 105.0 | 101.0 | 129.5 | 98.9 | 102.6 | 96.0 |
| Dec. | 105.0 | 102.0 | 127.0 | 100.0 | 100.0 | 93.0 |
| 1980 | | | | | | |
| 1st qtr. | 105.2 | 101.6 | 124.8 | 99.3 | 63.1 | 91.7 |
| Jan. | 107.0 | 103.0 | 127.0 | 102.0 | 65.0 | 94.0 |
| Feb. | 106.9 | 103.0 | 124.0 | 101.0 | 68.0 | 92.0 |
| March | 103.0 | 98.0 | 124.0 | 95.0 | 63.0 | 89.0 |
| April | 101.0 | 98.0 | 121.0 | 95.0 | 61.0 | 88.0 |
| May | 99.0 | 96.0 | 123.0 | 93.0 | 97.0 | 85.0 |
| June | | | | | | |

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves (£m).

| | Export volume | Import volume | Current balance | Oil balance | Terms of trade | Resv. trade US\$bn |
|----------|---------------|---------------|-----------------|-------------|----------------|--------------------|
| 1979 | | | | | | |
| 1st qtr. | 109.0 | 116.9 | -1,588 | -233 | 107.0 | 16.78 |
| 2nd qtr. | 135.3 | 128.9 | -486 | -357 | 108.4 | 16.69 |
| 3rd qtr. | 129.8 | 128.1 | -493 | -83 | 108.8 | 22.18 |
| 4th qtr. | 129.3 | 128.3 | -745 | -71 | 103.7 | 22.54 |
| Dec. | 131.3 | 131.2 | -252 | -289 | +88 | 103.6 |
| 1980 | | | | | | |
| 1st qtr. | 131.3 | 126.5 | -723 | -417 | 100.7 | 24.87 |
| Jan. | 129.8 | 128.0 | -315 | -213 | 76 | 104.9 |
| Feb. | 126.5 | 128.9 | -232 | -130 | 45 | 100.6 |
| March | 127.7 | 122.7 | -176 | -7 | 100.6 | 26.96 |
| April | 127.2 | 127.6 | -268 | -214 | +44 | 101.5 |
| May | 130.2 | 121.4 | -18 | +32 | 10 | 102.0 |
| June | 130.3 | 125.3 | -17 | +33 | 15 | 103.4 |

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth %); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

| | M1 % | M3 % | Advances % | DCB % | BS inflow | HP lending | MLR % |
|----------|------|------|------------|--------|-----------|------------|-------|
| 1979 | | | | | | | |
| 1st qtr. | 7.8 | 9.3 | 32.6 | +1,525 | 777 | 1,581 | 13 |
| 2nd qtr. | 9.7 | 11.2 | 28.5 | +2,707 | 777 | 1,887 | 14 |
| 3rd qtr. | 15.5 | 16.3 | 13 | +2,409 | 933 | 1,879 | 14 |
| 4th qtr. | 3.1 | 12.6 | 16.3 | +250 | 161 | 593 | 17 |
| Dec. | | | | | | | |
| 1980 | | | | | | | |
| 1st qtr. | -6.9 | 8.1 | 22.6 | +738 | 235 | 688 | 17 |
| Jan. | -6.7 | 6.1 | 20.7 | +272 | 199 | 665 | 17 |
| Feb. | -2.5 | 7.5 | 25.4 | +709 | 209 | 641 | 17 |
| March | -3.4 | 4.8 | 13.8 | +1,778 | 266 | 676 | 17 |
| April | 4.0 | 11.4 | 21.8 | +1,122 | 228 | 621 | 17 |
| May | | | | | | | |
| June | | | | | | | |

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1982=100); trade weighted value of sterling (Dec. 1971=100).

| | sterling | (Dec. 1971=100) | | | | | | |
|----------|----------|----------------------------|-----------------|-------|---------|--------------|--------|--|
| | Earnings | Basic mfgs. | Wholesale mfgs. | RPI* | Foodst. | FT commodity | Strig. | |
| 1979 | | | | | | | | |
| 1st qtr. | 144.2 | 153.4 | 161.6 | 208.9 | 218.8 | 268.88 | 64.0 | |
| 2nd qtr. | 147.3 | 163.3 | 168.0 | 216.5 | 225.2 | 283.55 | 67.4 | |
| 3rd qtr. | 154.2 | 169.9 | 176.4 | 231.1 | 231.3 | 301.66 | 71.8 | |
| 4th qtr. | 161.7 | 183.5 | 181.8 | 237.6 | 232.2 | 325.13 | 68.8 | |
| Dec. | 165.1 | 187.5 | 183.4 | 139.4 | 239.0 | 285.13 | 68.7 | |
| 1980 | | | | | | | | |
| 1st qtr. | 167.7 | 197.6 | 191.5 | 248.8 | 247.5 | 284.47 | 72.4 | |
| Jan. | 163.0 | 193.5 | 188.5 | 245.3 | 244.3 | 308.69 | 71.4 | |
| Feb. | 167.5 | 197.6 | 191.5 | 248.8 | 246.7 | 304.37 | 73.2 | |
| March | 172.8 | 200.4 | 194.3 | 252.3 | 251.1 | 284.47 | 72.6 | |
| April | 175.0 | 202.4 | 197.9 | 266.6 | 264.3 | 276.67 | 72.6 | |
| May | 177.9 | 204.5 | 199.1 | 268.2 | 255.7 | 268.23 | 74.3 | |
| June | | 201.2 | 201.0 | | | | | |
| | | * Not seasonally adjusted. | | | | | | |

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Thursday July 17 1980

Mr. Reagan's nomination

THE NOMINATION of Ronald Reagan as the standard bearer of the Republican Party in the U.S. Presidential elections has for some time been virtually a foregone conclusion. But now the seal has been set on the essential choice which faces the American electorate in November, between Mr. Reagan and President Jimmy Carter — if that is one leaves out of account the complicating factor represented by Mr. John Anderson. For various reasons, it is a rather unattractive choice, but neither we nor the American people can be content merely to dismiss Mr. Reagan as an exactor, he is a Presidential candidate and he appears, on the basis of the current polls, to have a real chance of winning. For that reason alone he must be taken seriously.

Middle ground

He has captured the Republican Party with comparative ease partly because he was virtually the only nationally-known contender, but more because of his pronounced conservatism. The mood of America has undoubtedly shifted to the Right in the recent past, most notably on defence and foreign policy issues, accelerated by the holding of hostages in Iran and the Soviet invasion of Afghanistan. The conventional wisdom is that any Presidential candidate must hold the middle ground if he wants to get to the White House. But it appears that Mr. Reagan has so far done himself no harm by voicing views which are well to the right of the traditional Republican moderates.

To many people, in America as well as abroad, the prospect of an uncompromising Right-winger in the White House is not a little daunting, not least because many of Mr. Reagan's views seem simple-minded, perhaps even dangerously so. It is one thing to say that the U.S. needs to be militarily strong, so as to be able to stand up to the Russians, but another thing to talk of blocking Cuba or to reopen the issues of Taiwan and the Panama Canal. Apologists for Mr. Reagan offer two main arguments of reassurance. First, his record as governor of California was a good deal less conservative than his words; he presided over very large increases in education spending, while his approval of a liberal abortion law and of an equal rights amendment was

in striking contrast with the reactionary platform being approved this week by his own Republican Party. The practice of the President, they say, would be likely to be rather different from the language of the candidate.

Running mate

The other argument of reassurance is that Mr. Reagan is rather good at delegating responsibility to the operational heads of departments, and at not interfering with them unnecessarily. In some ways this would certainly represent a welcome change from the style of President Carter, whose tendency to involve himself in too much detail has played a large part in the worrying unpredictability of so much foreign policy-making in Washington. At the same time, however, it leads added importance to the choices that he would have to make of his most immediate collaborators in government. In this connection, the greatest importance of all attaches to the choice of Mr. Reagan's running mate, not because a Vice-President necessarily plays a very central role in government, but because Mr. Reagan's age must give his Vice-President an above-average chance of succeeding to the Presidency. That choice is due to be made today.

Simple answers

Such reassurances cannot entirely dispel anxieties that Mr. Reagan's qualities may fall rather short of those which America needs and expects in its President. No one has suggested that he is a particularly intelligent man, or that he has a broad and subtle vision; he has no experience of Washington or of the outside world. He may be staid, but he is likely to do better with the Russians, with the Europeans, with the Middle East, with the economy?

So far, Mr. Reagan may have done well in campaigning terms by giving the impression that he has simple answers to extremely complex questions. It is difficult to know how far he believes his own rhetoric, but the remaining three months of the campaign may make it easier for the American electorate, as well as for the outside world, to form a more three-dimensional judgment.

Public funding imposes duties

THE CANCELLATION of the first time in their 85-year history, of the first night of the Promenade Concerts, is nothing less than a tragedy. What has often been called the world's greatest music festival was not silenced even by Hitler's bombing of London. Now it has been abandoned by an industrial dispute between the BBC and the Musicians' Union which is a painfully apt reflection on the disparity and lack of direction in the BBC's management.

There are two sides in every dispute and in this case the Musicians' Union is by no means blameless. Their response to the BBC's decision to save £500,000 by disbanding five of its 11 house orchestras from September might have been less unyielding. The three light music orchestras due to be dissolved have cultivated their usefulness as tastes have moved away from their kind of music. The BBC has a good case in arguing that, for a given level of spending on music, it will be able to produce better broadcasts if it can use its money flexibly on employing freelance musicians prepared to perform in a wider variety of styles. Neither the BBC nor society automatically owes musicians a guaranteed living. They must accept that conditions of employment and musical output cannot be frozen indefinitely in their traditional patterns.

Sponsorship

The BBC, for its part, has mishandled the dispute badly. Its announcement of the closures was needlessly precipitate and uncompromising. It should have made greater efforts to find commercial sponsorship for those orchestras whose artistic standards made this possible and, indeed, should have considered raising more money for its remaining six orchestras from outside sources. The plan to finance the Scottish Orchestra with the help of a privately sponsored trust fund and Stirling University should have been put forward before the disbandment was announced, not afterwards.

But the real misgivings which the BBC's attitude to the musicians has created stem from deeper causes. The disbanding of the orchestras has crystallised a feeling which has been building up over the years, that the BBC's whole system of values and its concern for the

cultural life of Britain have begun to disintegrate.

In making the cuts which were, in effect, imposed by the Government when it refused to increase the licence fee in line with inflation, the BBC's order of priorities suggested that it was more concerned with competing against commercial broadcasting than in preserving and enhancing those services which support the whole case for public broadcasting.

Ratings war

Not only the BBC's critics, but also many of its own producers and executives believe that the management has become increasingly preoccupied with the ratings war against commercial broadcasting, as the commercial stations have grown in stature and in numbers. The idea that BBC local radio is necessary because this is the way commercial radio is developing, on that BBC2 will have to "move down-market" to compete against the new commercial television station is regularly heard among broadcasters.

The reason for the concern about ratings is, of course, that wide popularity is seen as a justification for the licence fee. BBC management is terrified by the prospect that with the advent of ITV2 its ratings may fall permanently and substantially below the 50 per cent mark. The trouble is that, while the BBC is quite right to aim at a mass audience for most of its output and to attempt to make a contribution in as many areas of broadcasting as possible, the growing insecurity of its financial foundation, as inflation has eaten away at the licence fee, has led it astray in the long run, determine the whole system's development.

What the BBC needs is a new system of financing, to provide it with some of the financial security and independence from political and populist pressures which the licence fee used to provide in pre-inflationary days. In exchange the BBC management must provide in Parliament and the public with evidence, perhaps in the form of a long-range plan, that it intends to maintain and build upon the high standards and public services which alone are the only justification for a publicly-financed broadcasting service.

THE public and private debate over the contract to computerise the Inland Revenue's Pay as You Earn (PAYE) tax system has been fought with a ferocity uncommon even in the computer industry.

The stakes are far higher than the £150m the job is likely to cost. If the Government opens the bidding to all comers rather than awarding it on a single tender basis to International Computers Limited (ICL), the UK's only manufacturer of very large computers, it might be seen as a vote of no confidence in both British high technology and the British ability to manage high technology.

It would certainly set back plans made two years ago to mould a UK information technology "patriotic front" from the diverse collection of companies which inhibit the British computer and communications industry.

Under existing EEC and GATT rules, the Government would be within its rights to hand the contract on a plate to ICL. ICL already gets some 5 per cent of its business in this way and that business played a vital part in the development of its existing, very advanced, computers — the 2900 series Government computer centres were used to sort out the teething troubles both in the hardware, the computers themselves, and the software (the lists of instructions which control what the computer does). These data hardware is normally very reliable, but the software running in millions of separate instructions for a large system can and does cause problems for all manufacturers.

At the end of this year, new EEC and GATT rules will outlaw this sort of favouritism. To any case, the preference policy has always cut both ways for ICL. Its competitors claim the Government is "feather-bedding" the company and the inevitable problems of running to the big 2900s have been well publicised.

Under the preference rules, however, a contract such as the PAYE job should still go automatically to ICL unless the Government believes it cannot handle the job.

So if the Government puts the contract out to open tender and is consistent, ICL would not be seen as a contender for the second round. And the world would see that the British Government did not believe ICL had the skills and experience to supply the hardware, the software and the management skills on time and at the right price.

It is likely that in open tender, ICL would be at a disadvantage: the job is such a plum that the competing companies — all American-owned — would think little of using the contract as a loss leader for more government work.

These companies include IBM, the undisputed dominant force in computers with some 60 per cent of the market world-wide,

revenue circulated major manufacturers based in this country with a "users requirements specification". It outlined its problems and asked the computer industry for its views on how to solve them.

For every big manufacturer, with the exception of ICL, it was a heaven sent opportunity to break into the prestigious and lucrative government market, hitherto denied them by the preference policy.

The American owned companies have been preparing proposals and lobbying with various degrees of intensity since then. The real battle is about whether ICL can come through with the goods. Sir Keith Joseph, the Industry Secretary and his senior Civil Servants are convinced that ICL can do the job and must be given it.

ICL's international image (it does about half its business outside Britain) is not to suffer irreparable harm.

On the other side, the Treasury is believed to favour open tender because of its belief in competition and, in part at least, because of worries over ICL's past performance. The Treasury, moreover, has to finance the operation and it fears a harrowing appearance before the Public Accounts Committee (PAC) in three years' time if the project failed to give satisfaction on either cost or time.

The horror that haunts everybody connected with Government computers, of course, is the Drugs and Vehicle Licensing Centre in Swansea, the best publicised example of evil computing gone awry known in the UK.

Appalling stories continue to emanate from Swansea, and ICL, which supplied only the hardware for what is a very badly designed system, was perhaps unfairly tainted with the acrimony that followed. It was, in fact, chiefly a Civil Service management failure.

Before the Public Accounts Committee four years ago, Mr. Ray Atkinson then director of the Central Computer Agency (now the Central Computer and Telecommunications Agency), Whitehall's computer watchdog, said: "We will never undertake a project to that way again."

The new Inland Revenue contract, when placed, will be probably the biggest civil computer contract placed by a European government, but it is not exceptional by world standards. In the U.S., systems of a similar size and complexity have been running routinely for years now — they are used, for example to provide information to motorists.

Neither is it at all complicated technically. All the major suppliers have the technological skills and the experience to build the principal task is the management of such a massive project.

The Revenue is asking for a system to manage the records of over 35m taxpayers, working for nearly 100,000 employees, while giving the individual tax-

Competitors claim that ICL is "feather-bedded"

and Honeywell, which manufactures big computers in this country and has been fervently against the procurement policy for some years.

Other contenders include Sperry Univac which does not manufacture in this country but is prepared to open a factory in manufacture computer terminals if it wins the contract and Burroughs which says it will expand its present terminal manufacturing capacity if it is favoured. Then there is NCR with significant banking experience.

The skirmishing started when the Inland Revenue proposed that the PAYE tax system should be computerised. There is some controversy in Parliament and Whitehall about whether the existing manual system is in any state to be computerised, but 18 months ago the



Managing directors competing: ICL's Dr. Chris Wilson (left) and Mr. Eddie Nixon of IBM (UK).

MEN AND MATTERS

Steel men cry 'sexism'

Jobless steelworkers from Shotton and the Equal Opportunities Commission would appear to be unlikely bed-fellows. But, I am told, the Commission has been looking "with great care and sympathy" at the complaints of 130 out of the 6,000 to be made redundant who have been labelled "sexual discrimination."

The men have complained that through a quirk in the redundancy payments system, women from the works aged between 50 and 54 will end up better off than men in the same group.

The Commission is well used to such male moans. "Some of our most successful cases have been taken up on behalf of men," an official said. In these 130 instances, however, it appears the help is likely to be more of the chat and a cup-of-tea variety. The EOC has elected to avoid the fray and says that while it can give the men "general advice ranging from how they fill in their forms to telling them their rights," it cannot provide legal representation.

Near miss

Tory whips must be getting a talking to this morning following what I hear were "less than edifying scenes" in the division lobbies of the Commons yesterday.

New boy Peter Lindy, MP for Fareham, decided to make a name for himself as the 20th century Occam. "Let us take a razor to the complex rules on compensation for companies being nationalised and agree to a simple formula — give them the equivalent of asset value as on nationalisation day," he cried.

His shapely and snappy formula formed the heart of a simple private member's Bill introduced under the 10-minute rule. Not something Government whips or the ship-builders and others would need to worry about?

Not much. True, the Bill was defeated, but only just. Government officials admitted, of course, but 133 back-bench Tories fled through the "Yes" lobbies. And only the 160 Opposition men who exited through the other door averred a nasty hangover for the Government.

Asset stripping

Poor old Auntie isn't having much luck selling off her old frocks. Stuck for funds, the BBC yesterday picked off more than 30 "nearby new" costumes to a London salesroom. Only four outfits, however, found a buyer, including a "pair of pink slacks and a pink sequinned chiffon top, worn by Lulu" which went for the princely sum of £32.

The reserve prices on most of the glamorous get-ups had been around £50. A snip at the price one might say; where else could you buy a "cream jersey dress trimmed with applique satin poppies with black headed centres no a crystal studded ground, with matching belt, worn by Marti Galt?" A more apposite question might be: where else could you wear a dress like that except on the telly?

Soho squeeze

A group of 20 MPs is having an educational day out in Soho tomorrow. And their guide Bryan Burroughs tells me, "they will be amazed at what they will see."

Since there is no shortage of amazing sights thereabouts, I fear Burroughs, vice-chairman of the Soho Society, may have his work cut out keeping the Parliamentary minds on the point at issue — the industrial decline of the area.

Led by local MP Peter Brooke, the group will hear and see how reputable local businesses are being squeezed to death between redevelopment and the grubby sex and pornography mechant.

"About a quarter of all West-minster's light industry is based here," says Burroughs. There are gold workers, handbag fac-



tories, opera costumiers, ostrich feather curlers, graphics and oew technology firms, and almost all of them depend on neighbouring West End shops and businesses for their bread-and-butter income.

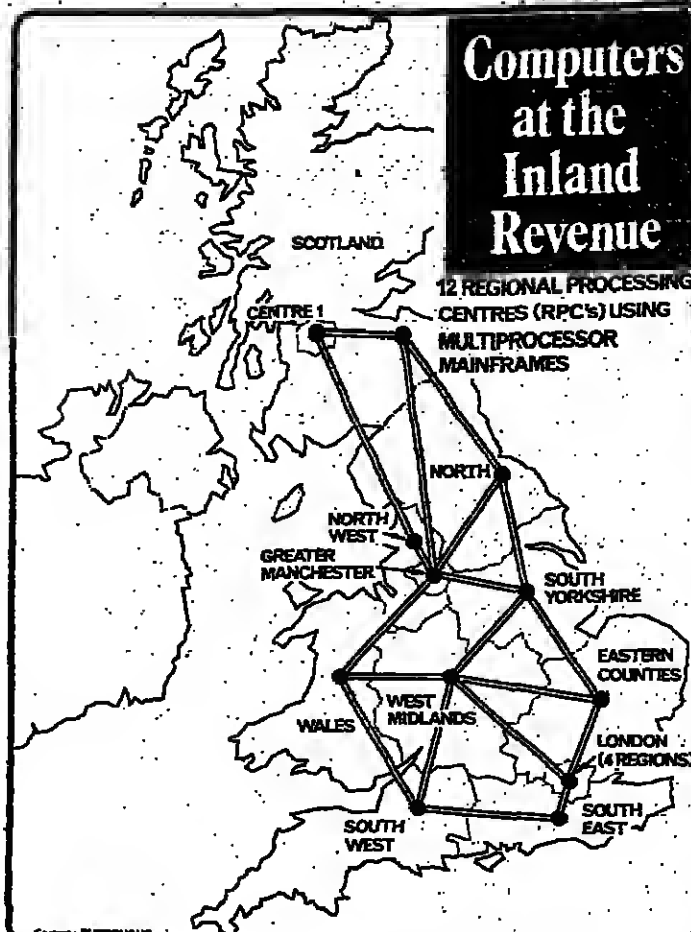
"I don't know what it is all worth, but I am quite sure it is many times the value of the sex industry," he claims. "But the point is that they have to be here in easy reach of their customers. They cannot relocate. Most just close down when their leases expire."

Of the six firms recently pushed out of Hatn Court, only one found premises nearby. And now five more companies are losing their workshops in Greek Street.

There will be some industry in the redevelopment, but in the main, Burroughs explains, the spaces offered are too big for small firms used to working in as little as 700 square feet. On the other side, tradesmen now paying £80 a week in rent stand no chance against the porn kings who are happy to pay £300 or more for a tiny shop.

Clearing the air

The Vice-Chancellor, Sir Robert Megarry, yesterday blew a breath of fresh air through an



Computers at the Inland Revenue

payer the ability to inquire about his or her tax position, check that the employer's wages office is making the right deductions and make amendments to his or her own tax file.

The proposed solution is a network of 12 regional centres each with its own computer connected to over 800 district offices. The total number of individual work stations is expected to be 20,000 by the mid 1980s.

With Swansea in mind, it is clear why the Revenue is anxious for a "no risk" solution. It is already overstretched and the thought of having to correct manually errors in a computer based system must be giving the Treasury sleepless nights.

But the computer industry is agreed on one thing: there is no such thing as a "no risk" answer.

ICL's belief that it can offer an effective solution is based on a simulation carried out on a large 2900 series computer at the West Midlands Gas Board. It claims it has proved two things: that it can connect 1,000 terminals successfully (all that is needed for the first phase of the PAYE project) and that it can get its sizing right to within 5 per cent. Sizing is critical in planning any computer installation. It means estimating the size and power of the computers needed to run the application.

Mistakes made at this stage can be hopelessly wasteful of time and money later on.

To size a network needs special skills. In the early days, computers worked on a batch principle. Data was collected in

the day, delivered to the computer, processed in a batch and returned to the user.

The trend these days with cheaper, faster hardware is towards interactive processing, where information and processing power are continually to hand and where the system responds quickly to commands and queries. Fastest response is about 0.6 second, but with 20,000 terminals in the field, the PAYE system will have failed if any operator on any work station is delayed by more than two or three seconds.

The Central Computer and Telecommunications Agency has already evaluated ICL's proposals and the best indication is that it is broadly neutral about its ability to do the job. It

agrees that it has the capabilities but thinks there may be delays of about six months over what the Revenue might want.

ICL has put together an "all British" consortium for the task. It would supply the computers — 12 as yet unannounced mainframes codenamed the SSL, while Logica, a small (£12m turnover) systems house with a high international reputation for communications skills would undertake the networking software. Terminals would be provided by another British manu-

facturer, possibly Newton Laboratories. The same analysis is not possible with the American owned manufacturers, but it is likely that IBM will offer its very large mainframe computer. The SSL is a machine of comparable power to the expected performance of the SSL, but of much older basic design.

IBM, on the other hand, claims to have demonstrated in the Revenue a system supporting 2,000 terminals and offering response time no greater than three seconds.

What must appeal to the Treasury, though, is IBM's reputation for taking care of its customers. There is a saying in the computer world that no data processing manager has ever been fired for advising a boss to buy IBM.

IBM said this week that its chief interest is in providing a "good system which will prove beneficial for us and cost effective for the taxpayer."

Nevertheless, the order is of great strategic importance to IBM. Its share of the overall computer market is more than 50 per cent throughout Europe except in Britain where it holds a roughly equal share with ICL (around 27 per cent) by value of the total market.

It has been lobbying long and effectively, reaching the Chancellor and the Prime Minister well before ICL had rallied its forces. One senior civil servant said: "I have never known IBM play so rough. And the Prime Minister has been quoted as saying: 'Give it to IBM. It will do a good job.'"

The postponement of a final decision at yesterday's Cabinet committee meeting must reflect the pressures generated to change the Prime Minister's mind. Both Labour and Conservative MPs have signed common motions urging the Government to place the order with ICL.

ICL is a founder member of the United Kingdom Information Technology Organisation, a clutch of British owned computers and electronics companies "looking to defend Britain's position in world and domestic markets when government preference ends."

ICL has also been involved in joint ventures with the Computing Services Association, the trade association for computer services companies, and the Department of Industry to attempt to sell major computer systems similar to the PAYE complex abroad. Large ICL works are already running in Australia and South Africa. One of the South African systems is for Barclays Bank and has 2,000 terminals. Attempts have also been made to sell to the Mexican and Greek Governments.

ICL's view is that its credibility with these customers will be destroyed if it is not awarded the tax contract. Today's decision to defer action will do nothing to allay ICL's anxieties and it will certainly provide the spark for a fresh, perhaps more ferocious, round of lobbying.

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Into and out of the world slump

IN THE midst of so many controversies about national economic policies it is easy to forget that the recession is world-wide and that the specific policies of different governments are responsible mainly for variations around a common theme.

There is, moreover, nothing new about this recession. It is the latest performance of its 1975 predecessor. Like that, it has been triggered off by a "shock" increase in the oil prices and partly for that reason has been accompanied by a temporary acceleration in the inflation rate. Both recessions look like being much severer than any of the mild dips in the post-war business cycle experienced before 1975.

One difference is that whereas oil has been almost the sole source of shock on the present occasion, the 1974-75 recession was preceded by a sharply synchronised inflationary boom in the main industrial countries.

Output is likely to be lower than the last time round and longer than most analysts forecast. But there is little doubt that it is now turning down.

But in view of the severity of the present U.S. and British declines, the opinion of the "Key Institute for World Economics" that OECD output will drop by about 4 per cent in this recession as it did in the last, may be nearer the mark than the more optimistic OECD projection.

The worst comparison relates to unemployment. The average OECD unemployment rate of just over 5 per cent at the peak of the 1979 boom was little better than in the worst of the 1975 recession and thus is certain to go still higher in the coming months.

One does not have to take the

5 per cent figure at its face value to be worried over the prospect of further increases. The unemployment deterioration reflects not so much deficient overall demand as the impact of structural changes on an over-unionised and over-regulated labour market.

The ratio of youth to adult unemployed has increased dramatically in France and the U.K. while in Italy it has remained stable around the horrendous level of 7 to 1. By contrast no special youth problem has so far emerged in the U.S., Japan or Germany.

There are interesting differences between countries. As in 1974-75, the production drop looks like being particularly severe in the U.S. Last time round, industrial production (as distinct from GNP) fell by about 15 per cent, mostly between September 1974 and March 1975.

Industrial production has already fallen by about half of

Output has held up longer, but the jobless rate will be worse

this amount so far in 1980, and the unemployment rate has risen by 2 percentage points. Even the U.S. Administration is now forecasting a recession as severe as last time, although not perhaps concentrated in such a short period of months.

In the UK the recession of the mid-1970s was a good deal more severe than people now find it convenient to remember, with a total fall in industrial production of about 15 per cent. It was however dragged out over a long period, due perhaps to the high fiscal deficits combined with a tight monetary

policy of the incoming Labour Government.

This time the speed of the fall in industrial production has been much faster — about 10 per cent at an annual rate in the first five months of 1980, excluding North Sea oil. Optimists hope that, like Germany and the U.S. in the last recession, Britain will, this time be "first in, first out" for once, rather than last for everything. By contrast in Continental Europe and Japan the recession has hardly begun. In Germany the rival economic institutes have been arguing about the slowing down of the growth rate rather than about any absolute fall in output. France and Japan are analysed in similar terms by the OECD. Indeed, in the last named the growth rate of the GNP is not expected to be below 3 per cent in 1980-81.

These estimates may easily be too optimistic. But the contrast for these countries, both with their experience last time round and with the U.S. and Britain, remains striking. Mr. Hasley has attributed this more favourable experience to the large boost to output that the German authorities are supposed to have given after the 1975 summit and have never ceased regretting. Much more important, in my view, has been the greater wage moderation compared with 1974-75, noted by the OECD, and the willingness of Continental and Japanese workers to accept the squeeze in real wages resulting from higher oil prices.

In the UK the chances of such real wage moderation were destroyed by the incompetence of the last phase of the Labour Government and the first phase of the Conservative one. In the U.S. the explanation of the severe dip lies not with wages but with the swings of monetary

and fiscal policy from the inflationary excesses of the early Carter period to the extreme squeeze of the past few months — the latter excesses being necessitated by the former.

The means by which oil price increases bring recession are reasonably straightforward. There are two ways of looking at them. One, which I have discussed in previous articles, is that a shock increase in one important set of prices, not balanced by a reduction in others raises the general price level and reduces the real value of the money supply.

The second is in terms of the OPEC surplus estimated at \$120bn this year. The real value of income in oil-consuming countries is reduced by this amount, which represents an addition to the total of world savings. It can be compared to a sudden increase in consumer taxes inside a single country not offset by higher government spending.

There are several mechanisms by which demand recovers after an event such as an oil shock. The normal self-correcting mechanism when savings threaten to exceed investment opportunities is for a fall in interest rates to occur. This both encourages savings and encourages investment. In the 1974-75 recession, for instance, interest rates fell well below the inflation rate. At one point in 1974 there was an average short-term interest rate of minus 4 per cent in the OECD area and a little later in 1975 a negative long-term interest rate of similar size.

Another mechanism is deficit budgeting so long as this can be accommodated without printing money. Some countries finance these deficits by domestic bond issues, others by overseas loans. In all cases they

are borrowing surplus OPEC savings, directly or indirectly. Budget deficits cease to be helpful, however, when the issuing of bonds to finance them leads to a bidding up of interest rates or a scarcity of credit which offsets the original expansionary impulse.

The only safe approach both for industrial countries and the OECD as a whole is to stop borrowing once this financial "crowding out" appears. This is never entirely clear in advance, but as a rule of thumb, it is usually safe to borrow to offset revenue losses and social security outgoings wholly due to recession, but not to engage in deliberate discretionary stimulation. This is what is meant by the principle of the "high employment" balance of the Budget. But because of uncertainties both about financial markets and changes in the sustainable level of "high employment," it can only be a rough approximation, and

Germany's deficit could be £6bn this year. They should grin and bear it

ordinate to the more general principle of not bidding up real interest rates.

Money supply rules, properly adhered to, so far from being "deflationary," provide for a great deal of automatic stimulation. An instance is the rapid fall in U.S. interest rates, which would have gone further still if the Fed had tried harder to prevent undershooting of the targets. In the U.K. interest rates will fall more quickly if the policy is focused on the money supply than if it is focused directly on interest rates themselves, as the Bank of England instinctively prefers.

In practice, those who favour monetary guidelines usually advocate floating rates and an attitude of benign neglect towards current account payment deficits—a neglect which will certainly be needed as the arithmetical counterpart of the OPEC surplus begins to accumulate.

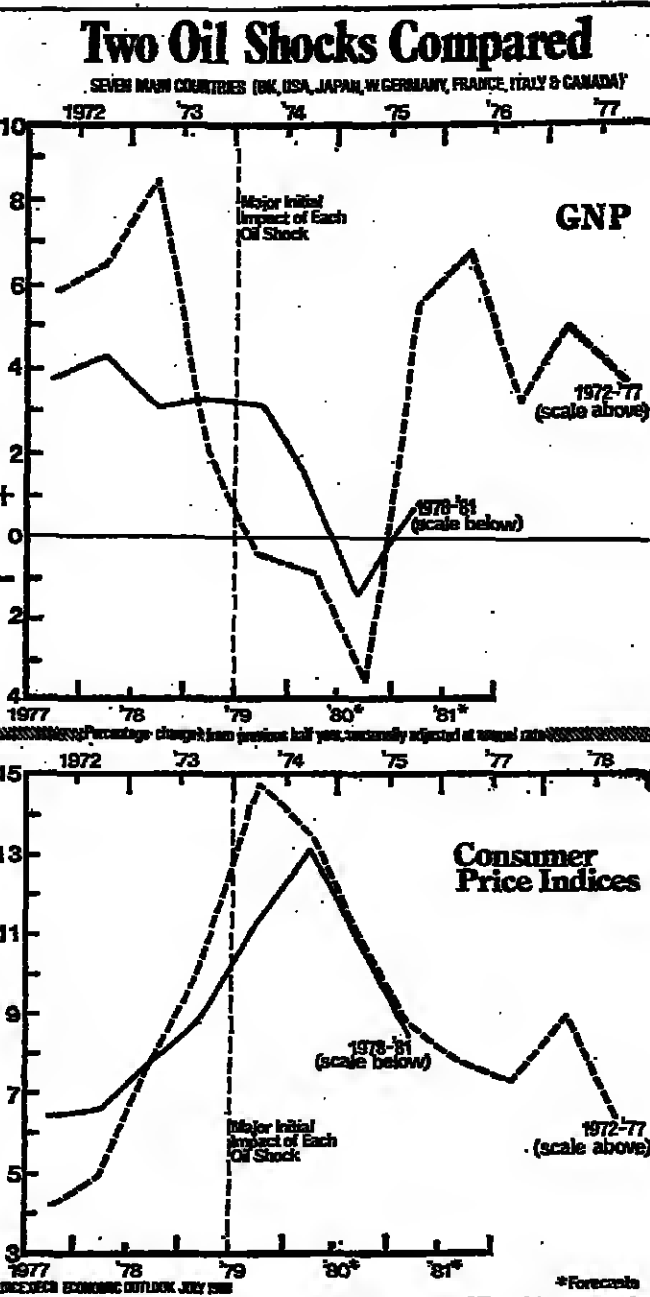
In contrast to 1974-75, a large part of the counterpart deficit is being incurred by strong countries such as Germany, Japan and the U.S. The Bundesbank has, for instance, just estimated that the German current account deficit of 1980 will be DM 25bn (about £6bn). As such deficits are inevitable, it is important that the German authorities should grin and bear them and not mistake them for inflationary profligacy.

Over half the total counterpart deficit will, however, be incurred by developing countries. The IMF, which intends to take a large part in recycling OPEC surpluses should not "relax" its leading conditions, but redefine them to shift the emphasis from the balance of payments to internal good behaviour.

In the last cycle a large part of the readjustment was in the end brought about by a downward drift of over 10 per cent in the real price of oil—as the OPEC price failed to keep up with world inflation. This almost eliminated the OPEC surplus.

It would be most unwise to shut off this safety valve by artificially maintaining the real price of oil, as the Bank of England seemed to be hinting in its last bulletin. It is as dubious a piece of advice as the Foreign Office's penchant for encouraging cartels in other products under the guise of commodity agreements.

The OECD estimates that output in member countries can only be a palliative against



will be 5½ per cent lower by 1981 and consumer prices 11 per cent higher than they would have been in the absence of the oil price explosion. Part of this disruption may represent the cost of adapting to a new structure of real oil prices; and the best financial policies can only be a palliative against these pressures. The urgent need is neither for more and better recycling, nor for the support of producers' cartels, but for action to make it more difficult for OPEC countries to inflict further "shocks" upon the West.

Samuel Brittan

Dawn raids conduct

From the Managing Director, Stewart Nairn Group.

Sir—As a recent recipient of the guidelines covering a code of conduct for directors of public companies, as envisaged by the Stock Exchange, I have followed with interest the now considerable volume of Press comment on the subject of certain share dealings referred to as "Dawn Raids." I find your article of July 11 particularly apposite in this respect.

When dealing with the activities of certain executives of a very much older organisation than the Stock Exchange, I have enquired "If gold rusts, what will iron do?" Perhaps the chairman of the Stock Exchange will now consider matching the present code as applied to individual directors with an equally precise document directed to corporate responsibility with particular emphasis on those institutions which are most prominently engaged in its execution.

N. J. E. Ostrom,
Stewart Nairn Group,
58 Southwark Bridge Road, SE1.

Cricket today

From Mr. G. Rogers.

Sir—In his article (July 14) Trevor Bailey hints at some reasons why English cricket is not producing class players. As he says, too little cricket is encouraged at the grass-roots in many primary schools. It is also a fact that at senior schools today boys are given a much wider choice of summer-term sporting activity. Given this choice, boys prefer to choose the individual sports that demand participation: tennis, squash, sailing, swimming, athletics, etc.

Boys of limited games ability do not relish the prospect of a game of cricket in which they may spend long hours just sitting in a pavilion or twiddling fingers in the outfield. Prospects of long sessions at nets or fielding practice do not appeal when the time can be spent partaking in so many other socially acceptable sports. It is also unfortunate that the few who can bat also tend to be able to bowl and so dominate the game by action in a game of cricket.

If the use of a hard ball discourages boys, can the wearing of crash helmets and excessive padding by their mentors be of encouragement? Is the national sport doomed to a future of soft-balled, wide-batted one hour each way knock-about? Graham Rogers,
143, Burges Road,
Thorpe Bay, Essex.

Unsurprising late mail

From the Senior Vice-President, Kurt Salmon Associates.

Sir—Mr. Jason Crisp suggests (July 12) that "nobody listens to the Post Office" in that plans to post early in the day are ignored.

This is typical of the monopoly's lack of customer orientation. I have commented once before in your columns and it is the Post Office that does not listen to its customers.

Business letters are typed during the working day and the Post Office should really not be surprised at this, or that the

Letters to the Editor

end of the day those letters get posted. Therefore, there is bound to be a late afternoon surge. Is it suggested we should all work a night shift so that it will be more convenient for the Post Office?

The problem is that the Post Office cons the public by selling a service it is unable to deliver. If, as the article implies, and as we all know to be a fact, the first class service cannot be provided after a certain hour in the evening, let the Post Office come clean, advertise that fact, and let us all save money by posting late in the day at 2nd class cost for the 2nd class service we get. Stuart D. Hollander,
119-120 High Street, Eton,
Windsor, Berkshire.

Now hear this

From Mr. L. Ling.

Sir—I refer to the article by Jason Crisp headed "Nobody listens to the Post Office."

I would like to post my letters early in the day. My post arrives at 7.30 am and I used to get my replies written and posted then here for the 10.15 am collection.

Now, alas, the earliest I can send them is at 2.45 pm and unless being sent to a town reasonably near they rarely arrive the next day with a first class stamp attached.

If, as Jason Crisp reports, the Post Office runs advertising campaigns but says no one ever listens, perhaps it is because the left hand in the Post Office hasn't been told that the morning collection has been withdrawn by its right hand. Laurence J. Ling,
70, Norwich Road,
Cromer, Norfolk.

Mushroom head hunting

From the Librarian, Teesside Polytechnic.

Sir—I am long since resigned to "everybody thinking they could do a librarian's job" (July 15) and no doubt, given a little tuition, most "executives" and many others could. There are, however, certain academic, professional and financial standards for librarians and similar employment.

What corresponding standards are there for selectors and what safeguards are there to prevent possible abuse, particularly when everything is carried out under personnel confidentiality which can serve effectively as a cloak of secrecy? Considering that the selection consultants do not have to take responsibility for the ultimate selection perhaps it is not too unkind to say that they seem to get their money remarkably easily. The mushrooming of such firms in recent years seems to indicate that industry and business has plenty to spare for them. Can trade unionists really be blamed if they try to get it for themselves? R. Moss,
Teesside Polytechnic,
Middlesbrough, Cleveland.

Static bus figures

From the Leader, Greater London Council.

Sir—The arithmetic in Mr. Morris's letter (July 12) is admirably accurate but the underlying assumption is erroneous.

A ban on cars and other traffic in central London would indeed lead to a speed-up in the operation of the bus service. That, however, is all it would achieve.

A traffic ban would not add a single bus to the road (other than the 1 per cent improvement we agree upon) and what we are therefore talking about is a marginal improvement overall. This is because the ban would have to be limited to central London. However defined this could scarcely be a large area. A small area would have no effect on the bus service and a large area would be impossible to police: just how do you cut off or monitor what amounts to hundreds of road entrances and exits?

The number of buses running exclusively within central London is very small: most routes which serve central London run through it, and a traffic ban in the centre would have a knock-on effect round the periphery which would negate any benefit anyway.

Besides all this there are two points which are unanswerable. One is that we have a city-centre rapid-transit system for passengers already: it is called the Underground. The other is that a cordoned-off essentially bureaucratic assessment of what constitutes essential car use and what does not. We are assured too much in the hands of bureaucrats now: we do not want to extend their power. (Sir) Horace Cutler,
County Hall, SE1.

Hawksmoor's work

From the Secretary, Friends of Christ Church Spitalfields.

Sir—Collin Amery's article (July 7) is no doubt a natural response to the efforts of the Friends of Christ Church Spitalfields to show the quality of this extraordinary building at its present best, but he demonstrates a lack of practical knowledge of Hawksmoor's Christ Church as well as a careless regard for the views and policies of his fellow committee members of the friends.

The first point to make is that it is the trustees' resolved intention to restore this architectural masterpiece wherever possible to the church which Hawksmoor built. Fortunately, the historical records, in archives and hidden in the building itself under Victorian plaster, allow a picture to emerge which is exceptionally clear and unambiguous, and is substantially different from what the visitor now sees.

The evidence of other churches, such as St. Mary Woolnoth, is that Hawksmoor, whether he personally liked galleries or not, was always careful to integrate them with the overall design. At Christ Church the gallery fronts were scalloped to allow the giant composite columns to rise unimpeded to the transverse vaults. Hawksmoor, though idiosyncratic in his architectural language, never elsewhere adopted the attenuated proportions of the Christ Church columns as we see them today. The proportion of column to pedestal only makes sense if wainscoting and galleries are replaced.

Had Mr. Amery been more familiar with the building at a practical level, he would know that the galleries do not

"obstruct" the spectacular soaring views of columns and the inflation any easily accessible position in the church. Seen from the aisles, the columns, now isolated and detached, have the same pathetic mobility as a giant redwood, stripped of its branches, ready for the lumberjack. The bare side walls, slashed by elongated windows are a solace of which Hawksmoor (though I know him little less well than Mr. Amery evidently does) was surely incapable. The visual impact of the side aisles without galleries is without question exciting but entirely spurious: the result of banal gothicising carried out in 1865-67 by Ewan Christian. This "improver" also mutilated the East and West ends of the church, blocking up fenestration and destroying that lightness and transparency which Mr. Amery senses correctly is occluded by the stained glass in the Venetian window.

Questions of detail, such as decoration, remain to be discussed and resolved by the advisory committee. Mr. Amery's impatience here leads him to speculate unwisely about the present architect's intentions. References to decorating the church with coloured silks are found in the 1822 accounts, but nowhere has it been suggested that the decorative scheme will be white and gold. Replacing historically authentic forms and structures not only will allow us properly to appreciate a masterpiece, but will also greatly increase the range and flexibility of use by the Parish and Friends, more than justifying expenditure which the Friends consider neither unnecessary nor lavish. Jonathan Balkind,
45, Chalcut Road, NW1.

Glorious gardens

From Mr. N. Bond-Williams.

Sir—Gardeners, like anglers, should be allowed their small extravagancies. Robin Lane Fox writes both entertainingly and modestly about gardens—as well as always being informative. Gardens, as any gardener will tell you, are different every day—their quality cannot be subjected to measurement, whether on the Imperial or the metric system. How can Mr. Penn (July 15) be sure that Inverurie or Wakehurst reached their peak on the same day as Sissinghurst? Or did he get out of his rose bed on the wrong side that morning?

N. Bond-Williams,
"Kittlegate," Weston Subedge,
Chipping Campden.

Beauty beheld

From Mr. D. Bett.

Sir—Mr. Penn's letter (July 15) is so extraordinary that one wonders, not for the first time, if there is something in the Brussels air that upsets rational thinking. The phrase "best in the world" is one used simply in a general way to indicate excellence. Husbands often describe their wives as the most beautiful in the world. They have not seen every woman!

Incidentally, Leeds and Cheneceux are not comparable. The former is a fortified castle, albeit restored; the latter a Renaissance chateau. David Bett,
6, Holland Park, W.11.

Today's Events

GENERAL
UK: Mrs. Margaret Thatcher and Lord Carrington, Foreign Secretary, meet separately. Mr. John Anderson, independent candidate for U.S. presidency.
British Airports Authority annual report.
National Gas Consumers annual report.
Royal Institute of British Architects conference opens, Newcastle (until July 19).
Two-day conference opens on marketing opportunities in Zimbabwe for British exporters, London Hilton Hotel.
British Open Golf Championship starts, Muirfield, Lothian (until July 20).

PARLIAMENTARY BUSINESS
House of Commons: Finance Bill, completion of report stage and third reading.
House of Lords: Health Service Bill, committee stage. Deer Bill, second reading.
Select Committee: Home Affairs, Sub-Committee on Race Relations and Immigration. Subject: Racial disadvantage. Witnesses: Commission for Racial Equality. Room 15, 4.30 pm.

COMPANY MEETINGS
Alpine Soft Drinks, Richmond Way, Chelmsley Wood, Birmingham 12. Boats, 20, Aldermanbury, EC 11. Brengreen, Great Eastern Hotel, Bishopsgate, EC 2. British and American Film, Brook House, 113 Park Lane, W. 12. Courtlands, Europa Hotel, Grosvenor Square, W. 12. Debe-

hams, Wigmore Hall, Wigmore Street, W. 12. Ellenroad Ringmill, Benigate Street, Newhey, Rochdale, Lancs. 3.30. Harrisons and Crosfield, Baltic Exchange, St. Mary Axe, EC 3. 11.15. Leigh Interests, 75, Barbican Road, Edgworth, Birmingham 12. Thomas Locker, Church Street, Warrington, 11. London and Holyrood Trust, Bucklersbury House, 83 Cannon Street, 3. London and Provincial Trust, 83 Cannon Street, EC 2. 2.15. Manchester and Metropolitan Investment Trust, Ship Canal House, Manchester, 12. Northern Securities, 16, Finsbury Circus, EC 2. 12.30. Sketchley, Rugby Road, Hinckley, Leics. 3.



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UK COMPANY NEWS

Gestetner first half hit by sterling and interest

DOUBLED INTEREST charges and the continued strength of sterling were the main causes for a 13 per cent drop in interim pre-tax profits at Gestetner Holdings, the international reprographic equipment and supplies group.

Profits in the 26 weeks to May 3, 1980, were £9.89m against £11.4m but sales rose 9 per cent from £131.3m to £143.01m. At constant exchange rates, sales would have been 19 per cent up and profit only 4 per cent down, the directors say.

Stated earnings per share are 11.03p (15.44p) basic and 8.46p (1.86p) fully diluted. Interest payable was £2.58m (£1.29m).

Despite the lower profit, the board feels justified in maintaining the interim dividend at 2.5p—the total last year was 5.25p on pre-tax profits of £19.81m.

CCA profits were down to £7.2m after adjustments for depreciation, £960,000, cost of sales, £4.6m, monetary working capital, £4.3m and gearing, £2.77m. Earnings per share on this basis were 4.15p (5.21p) basic and 2.64p (4.21p) fully diluted.

The main problems, says the board, were in the UK, where profits were halved—this decline occurring in both the manufacturing and selling operations.

This reflected in part the impact on manufacturing costs of

HIGHLIGHTS

After considering the gilt-edged market, where another Tap stock was exhausted yesterday, Lex moves on to deliberate on several stories from the corporate sector. Fisons and Boots have announced a joint venture grouping their respective agrochemical interests, from which Fisons will derive some immediate cash benefit. Lex also considers the statement from Union Discount which has traded profitably in the first half of the year and the dividend is up 40 per cent. Gestetner reveals a sharp fall in half-time profits with lower contributions from the UK, elsewhere in Europe, Asia and Australia partly offset by an upturn in North and South America. Finally Lex assesses the results of US insurance broker Marsh and McLennan. On the inside pages there is a half-time upturn at Birmid, but the outlook for the second half is not good and there is news of further redundancies.

the high level of inflation and the inability of the manufacturing subsidiaries, if they wished their products to remain competitive in overseas markets, to pass on their full cost increases in prices to overseas subsidiaries and other concessionaires.

Profits of subsidiaries in Europe showed very little change overall while those in America, principally in North America, showed a considerable improvement. Elsewhere, principally in Asia, subsidiaries were not so profitable as in the preceding year. Overseas profits were therefore relatively unchanged.

The overseas results are evidence of the continued demand for the group's products and, moreover, show that whilst margins continue to be under pressure, the overseas subsidiaries have achieved considerable success in countering the difficulties arising from the high value of sterling, the board says.

Group tax takes £4.68m (£4.11m) leaving net profit at £5.21m against £7.29m. The CCA net figure reveals a loss of £1.96m (£2.46m profit). Dividends absorb £1.13m (£1.16m) and £4.03m (£5.13m) is retained. Lex, Back Page

Shell buys chemical group

Shell has bought Ward Blenkinsop, a UK-based fine chemicals company for £6.1m.

Ward Blenkinsop, a non-quoted public company which specialises in the production of pharmaceutical intermediaries, had a turnover of £14.6m last year to September 30, with roughly 60 per cent of these sales coming from exports. It lost £34,000 before tax against a profit of £1.2m the previous year.

Last year Laporte Industries planned to acquire Ward Blenkinsop for £9.7m but pulled out of the deal because trading prospects for the fine chemicals industry declined. It is thought Laporte also decided that Ward's range of products did not really complement its own chemical manufacturing range.

But the Shell group is now actively expanding its specialty chemicals business which includes fine chemicals—and it is doing so chiefly by acquisition. Last year Shell had fine chemicals sales—outside North America—of around £30m so the Blenkinsop purchase will increase its turnover by nearly 50 per cent.

Shell's fine chemicals are used in the making of a wide range of products including agrochemicals, plastics and synthetic rubber. Shell Petroleum, one of the two holding companies of the Royal Dutch/Shell group, is thought to have been able to buy Ward at £6.1m less than was offered by Laporte because of the current downturn in trading which is hitting all sectors of the chemical industry.

16 per cent to £1.62m in the six months to June 30, 1980, compared with the same period last year.

Total new annual premiums in 1979 were £3.04m. In the life assurance business, new annual premiums in the half improved from £1.07m to £1.16m, single premiums increased to £13,000 (£2,000) and new sums assured totalled £36.5m (£36.4m).

The pensions and annuity side showed new annual premiums of £478,000 (£232,000), single premiums unchanged at £28,31m, against £12.3m. New annuities per annum amounted to £288,000 (£183,000).

Daily Mail & General Trust ahead

NET REVENUE of the Daily Mail and General Trust increased from £3.22m to £3.53m in the six months to March 31, 1980. This includes the proportion of profits of the associate company, Associated Newspapers Group, of which £1.52m is attributable.

The interim dividend is 9.5p, against 9.36p paid as a second interim last time. A special dividend of 1.5p will also be paid in respect of deferred dividends.

Shell—last year's total was 30p from pre-tax revenue of £22.6m. Dividends absorb £1.1m (£935,000). Stated earnings per 50p share are up from 11.7p to 15p. Net asset value per ordinary or "A" ordinary share is 65p (64.5p). Total valuation of investments is £86.9m (£65.7m).

Provident Life

Total new annual premiums of Provident Life Association of London showed an increase of

Bond Street stake probe

THE TAKEOVER PANEL is looking into the ownership of shares in Bond Street Fabrics, which is currently trying to fend off an attempt by Grovebell to have its directors appointed to the board.

Grovebell already has a 28.9 per cent stake in Bond Street and has the support of a number of small nominee holdings in its efforts to get its five appointees on to the board.

The Panel is looking at these nominee holdings to establish whether Grovebell has any beneficial interest in them and has already had a meeting with Mr. Vasant Advani, chairman of Grovebell, on this issue.

The Takeover Panel said yesterday that it was in contact with both Bond Street and Grovebell, as well as "keeping the situation under review."

Under the Takeover Panel rules, the purchase of 30 per cent or more of a company's

shares triggers a mandatory bid. Meanwhile the battle of words between the two companies continued yesterday with Mr. Kenneth Mackenzie, chairman of Bond Street, writing a further letter to holders urging them to reject Grovebell's proposals, which will be put at an extraordinary meeting on July 22.

Mr. Mackenzie claims that Mr. Advani and his associates are attempting to take control of the Bond Street board. He also says the appointees have no textile industry experience. Mr. Mackenzie claims his efforts to prevent Mr. Advani's move has the support of the group's employees, suppliers, customers—including British Home Stores, Littlewoods and Marks and Spencers—and its bankers.

Mr. Advani said yesterday he was "not interested in management control." It was not his intention to change the course of the company but to put things right in existing areas, he said.

While these will continue to be based primarily on the UK, the U.S. and Japan, the new emphasis for each group will be as follows:

Assoc. Newspapers at £12m but forecasts slowdown

A RISE from £10.74m to £12.31m in pre-tax profits is reported by Associated Newspapers Group, for the half-year to March 31, 1980. Although this is in line with forecasts at the last year-end, the board says earnings in the second half are expected to be lower than the first half because of the deterioration in trading conditions and the effect of the industrial dispute in April and May in the group's provincial newspaper offices.

Turnover showed a substantial increase in the first half, advancing from £93.21m to £119.36m. Tax is higher at £6.31m compared with £5.34m and, after minorities, the attributable profit is £5.96m (£5.36m). Stated earnings per 25p share are 19.7p against 17.6p.

The interim dividend is 4.5p absorbing £1.37m (£1.35m)—last time, in addition to the interim of 1.875p, a second interim of 4.5p was paid and the total for 18 months was 12.375p from pre-tax profits of £39,965. Profit for the 12 months to September 30, 1979, was £23.5m.

Trading profits in the first six months amounted to £8.39m (£8.27m), and associates' share was £2.23m (£308,000).

Extraordinary items will be dealt with in the group's accounts for the full year. Associated Newspapers publishes the Daily Mail, London Evening News and Weekend magazine and numerous provincial and weekly newspapers. The group also has interests in wharfare, transport, exhibitions,

DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre. of spndng for year | Total last year |
|----------------------------|-----------------|-----------------|---------------------------|-----------------|
| Associated Newspapers Int. | 4.5 | Aug. 23 | 1.5 | 12.375 |
| Birmid Qualeast Int. | 1.5 | Sept. 10 | 1.5 | 4.12 |
| Crossfairs Trust Int. | 4.5 | Sept. 3 | 2.52 | 30.4 |
| Daily Mail Gen. Int. | 11.7 | Sept. 15 | 2.5 | 5.25 |
| Gestetner Int. | 10 | Sept. 13 | 4 | 25.4 |
| Graig Shipping Int. | 3 | Sept. 15 | 3 | 14 |
| Idris Hydrant Int. | 1.47 | Aug. 29 | 1.33 | 3.78 |
| Leda Inv. Trust Int. | 0.2 | Sept. 4 | — | 0.5 |
| Paramount Int. | 9.1 | Sept. 1 | 0.38 | 20 |
| Union Discount Int. | 3.6 | Sept. 24 | 5.3 | 4.4 |
| Western Board Mills | — | — | — | — |

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including annual ordinary dividend of 10p. § To reduce disparity. ¶ Paid as a second interim. || For 18 months. ** Including 0.3p non-recurring from receipt of dividend arrears. †† Includes 1.5p special payment in respect of deferred dividend from Shell.

commercial radio, Southern Television and North Sea oil.

comment

For a company heavily involved in the communications business, there was a definite dearth of detail yesterday about the interim performance of Associated Newspapers, up 14.6 per cent at the pre-tax level. Almost all of the earnings rise seems to have come from associated income since the trading profit was nearly static as was investment income of £1.7m. Much of the growth on the associated side can probably be traced to loss elimination since withdrawing

from certain North American interests such as the Tribune Magazine. Southern Television may also have increased its contribution against the first half of last year. The group is predicting a difficult second half, resulting from the April-May industrial disputes in the provincial press business. But the balance sheet is strong and the group's share in the Argyle Field will be beneficial in future. At yesterday's 31p, the shares are trading on a prospective multiple of around 8, assuming £30m pre-tax for the year, which includes market hopes for the oil business.

22% increase in new annual premiums for Hambro Life

NEW BUSINESS figures from Hambro Life show that new annual premiums rose 22 per cent to £25.6m in the first half of 1980 but new single premiums were down by a fifth at £30.9m.

New initial commissions, which give the biggest clue to the company's profitability, were 26 per cent ahead at £12.7m.

Premium income received over the period on annual policies (new premiums plus renewals) was up 25 per cent at £81m, and total premium income received (including single premiums) was 8 per cent better at £112m. Meanwhile, new sums assured rose 53 per cent to £1,028m with total assets 20 per cent up at £960m.

Mr. Mark Weinberg, deputy chairman and joint managing director of Hambro Life, attributes the disappointing trend of single premium business to the pre-Budget demand for high yielding guaranteed income bonds. Hambro Life decided not to enter this market but now that the very short term bonds have effectively been killed off by the Chancellor, the company's single premium business,

which is traditionally erratic is expected to pick up in the second half.

Mr. Weinberg points out that new annual premium business, which now accounts for 90 per cent of new commissions, is much more important to Hambro Life. New initial commissions, he explains, rose more sharply than new annual premiums during the first half due to the strong demand for long term protection and whole life plans.

These pay higher rates of initial commission than personal pensions business, where demand has been largely unchanged over the first six months. "The increases in the personal contribution limits announced in the Budget have not yet passed into law. But when they do we feel this will be an attractive prospect for the second half," Mr. Weinberg says.

JERSEY GENERAL

Shareholders at the annual meeting of Jersey General Investment Trust were told the net asset value per share at June 30, 1980, was 349p.

The board expects a further

increase in dividend when the interim announcement is made in October.

Western Board up to £1.4m

An increase in pre-tax profits from £1.2m to £1.4m is reported by Western Board Mills, the Pontypriod board manufacturer, for the year to March 31, 1980.

At halfway the company reported taxable profits of £0.65m against £0.55m, and was expecting a similar improvement over the full term.

The year-end figure includes profits of £49,363 (£19,433 loss) on the sale of quoted investments. Turnover was £3.72m (£3.41m). Taxation took £0.7m (£0.65m), leaving an attributable balance of £0.7m (£0.57m).

The final dividend is lifted to 3.6p (3p) making a total of 5.3p (4.4p), and stated earnings per 10p share are 13.2p (10.7p).

All of these securities having been sold, this advertisement appears as a matter of record only.

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Representing

6,000,000 Ordinary Shares of 25p each (par value)

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Wood Gundy Limited

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The following firms have acted as United Kingdom financial advisors to Tricentrol Limited in this transaction:

Morgan Grenfell & Co. Limited

de Zoete & Bevan

July, 1980

| July 18 | Price | % |
|-----------------|-------|------|
| Banco Bilbao | 228 | — |
| Banco Central | 248 | —2 |
| Banco Exterior | 210 | — |
| Banco Hispano | 222 | —4 |
| Banco Ind. Cal. | 120 | — |
| Banco Madrid | 141 | — |
| Banco Santander | 278 | —2 |
| Banco Urquijo | 142 | —3 |
| Banco Vizcaya | 228 | —2 |
| Banco Zaragoza | 213 | — |
| Orsagada | 80 | — |
| Española Zinc | 60.2 | —0.3 |
| Pecas | 57 | — |
| Gal. Prácticas | 24 | — |
| Hidrovia | 65.7 | — |
| Industria | 61.7 | +0.5 |
| Petróleo | 114 | —1 |
| Petróleo | 85 | — |
| Sociedad | 107 | — |
| Telefonos | 81 | — |
| Union Elect. | 65 | —0.7 |

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The Union Discount Company of London Limited

The Directors have declared an interim dividend of 9p per £1 Unit of Stock on account of the year ending 31st December, 1980 (1979—6.375p). This interim dividend will be paid on 1st September, 1980 to Stockholders whose names are on the Register at the close of business on 11th August, 1980.

This increase in the interim dividend has been made to reduce the disparity with the final dividend and carries no implication as to the total distribution for the year.

The Company's trading profits for the half year to 30th June 1980 were greater than for the same period last year. Whereas on that occasion a modest provision was required for the depreciation in the value of the portfolio, this year the market valuation was in excess of cost.

The Union Discount Company of London Ltd
London: 39 Cornhill, London EC3V 3NU. Tel: 01-623 1020.
Edinburgh: 15 Charlotte Square, Edinburgh EH2 4DJ. Tel: 01-226 9205.

M. J. H. Nightingale & Co. Limited

| 1979-80 | Company | Price | Change | Div (%) | Yield (%) |
|---------|---------|--------------------|--------|---------|-----------|
| 59 | 58 | 59 | 110 | — | — |
| 50 | 25 | Armsage and Rhodes | 28 | 18.8 | 15.2 |
| 288 | 185 | Gordon Hill | 28 | 18.8 | 15.2 |
| 100 | 75 | County Cera 70.7% | 76 | 18.8 | 15.2 |
| 101 | 63 | Deborah Ltd | 34 | 18.8 | 15.2 |
| 125 | 88 | Frank Horsell | 34 | 18.8 | 15.2 |
| 158 | 73 | Frederick Parker | 34 | 18.8 | 15.2 |
| 158 | 94 | George Blair | 34 | 18.8 | 15.2 |
| 83 | 40 | Jackson Grey | 84 | 18.8 | 15.2 |
| 153 | 105 | James Burrough | 83 | 18.8 | 15.2 |
| 202 | 242 | Robert Jenkins | 300 | 31.3 | 10.4 |
| 232 | 172 | Toride | 72 | 18.8 | 15.2 |
| 34 | 114 | Twinkl Old | 72 | 18.8 | 15.2 |
| 80 | 70 | Twinkl 12% ULS | 76 | 18.8 | 15.2 |
| 50 | 22 | Uniclock Holdings | 49 | 18.8 | 15.2 |
| 90 | 45 | Uniclock Holdings | 46 | 18.8 | 15.2 |
| 99 | 42 | Uniclock Holdings | 46 | 18.8 | 15.2 |
| 232 | 136 | W. A. Yates | 232 | 18.8 | 15.2 |

† Accounts prepared under provisions of SSAP 15.

هكذا من الشرح

Birmid expects major shortfall in second half

ALTHOUGH PROFITS of Birmid Quacast show a sharp rise from £1.94m to £4.76m in the 26 weeks to May 3, 1980, the directors say margins are under considerable pressure and second half results are likely to fall substantially short of the first half's performance.

In April, a dramatic and widespread slump in demand affected most parts of the group and marred the first half performance. High rates of sterling, inflation and interest are expected to further depress levels of demand in many areas, the directors add.

The interim dividend is being maintained at 1.5p per share—the total last year was 4p from pre-tax profits of £3.11m.

First half profit is after interest of £1.76m (£568,000), associates' losses of £188,000 (£225,000) and £1.8m rationalisation costs in the previous half year. Turnover rose to £14.72m from £13.25m against a £14.72m deficit.

Trading results matched expectations during much of the first half with the heating division and the home and garden equipment side improving their performance.

Demand was not particularly buoyant from the other two divisions. The steel struts brought several problems although these did not prove to be too severe, the directors add.

Further closures were not expected this year, but since then two other significant factors have emerged, the board states.

At Birmetal, which has increased losses in recent years, the manual workforce instituted a long running industrial dispute in pursuance of an interim pay claim which the company could not entertain.

Secondly, a further severe cutback in demand from the tractor industry has coincided with the imposition by environmental authorities of a March 1981 deadline by which date the Dartmouth Auto Castings No. 2 foundry must comply with emission control regulations.

Compliance would entail immediate expenditure of over £25m without any improvement in productivity and this comes at a time when it is impossible to assess when and to what extent there will be an upturn in demand from the tractor industry, the directors say.

It has been decided, with reluctance, but with the long term interests of the group in mind, that Birmetal and Dartmouth No. 2 foundry should both be closed.

A proportion of the work currently undertaken in the No. 2 foundry will be taken up early in 1981 by other group companies which are currently operating below normal capacity and thereby improve their future potential.

It is not possible to estimate at this stage the net cost of these actions which will fall into this year's accounts because disposal of surplus assets will extend into 1981. Any attempt to make a provision at the interim stage could, therefore, be extremely misleading, and these matters will be more fully dealt with in the annual report and accounts.

| | 26 weeks to May 3 1980 | 1979 |
|--------------------|------------------------|--------|
| Turnover | 14,720 | 13,250 |
| Trading profit | 1,940 | 1,718 |
| Interest payable | 1,756 | 568 |
| Associates' losses | 188 | 225 |
| Profit before tax | 4,757 | 1,892 |
| Tax | 1,950 | 400 |
| Net profit | 2,807 | 1,492 |
| Minorities | 96 | 14 |
| Attributable | 2,903 | 1,506 |

● comment

Not so many months ago, it was possible to conjecture a reasonable recovery at Birmid Quacast. Capital spending had peaked and reorganisation, which had clipped profits by £7.3m in the last three years, was apparently over. Moreover,

Graig Shipping back in profit with £0.8m

A RECOVERY from pre-tax losses of £1.21m to profits of £837,071 has been achieved by Graig Shipping Company, a bulk cargo-carriers group with interests in property and oil and gas exploration, in the year to March 31, 1980.

A final 10p lift of the dividend to 25p, including a special anniversary payment of 10p, compared with last year's single distribution of 4p.

At midway there was a turnaround from losses of £778,330 to a surplus of £271,669, which the directors said was brought about by a greatly improved freight market. They warned then that it was difficult to anticipate future prospects when world opinion seemed to expect a further recession in 1980.

Trading profits for the year amounted to £1,494m against losses of £234,033, and the pre-tax surplus is struck after depreciation of £185,929 (£972,081).

A tax charge of £380,766 (£387,114) leaves the net profit at £1,113,419, after an extraordinary credit of £1,33m.

● comment

After four successive years of pre-tax losses, Graig has at last set its house in order—a fact which has been heavily discounted in the recent share price rise. A ship disposal and the cancellation of a Japanese order have produced a dramatic improvement in the balance sheet. The group has sizeable

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are in line or the sub-divisions shown below are based mainly on last year's level.

TODAY

Interoil, Beralgas, East Daggal, Interoil Mines, Glass Glover, Lomond, David Scott, South African Land and Exploration, Vaul Reels Exploration and Mining, Western Deep Levels.

Finals: Allinist London Properties, Chris-Tyler, Distillers, O. M. Ford, Great Universal Stores, Mastermex, Estates, Hollis Brothers and E.S.A., Allinist Industries Nova (Jersey) Ltd, Syntex, Turco Corporation, Unigate, Wellman Engineering.

FUTURE DATES

Interoil, Beralgas, East Daggal, Interoil Mines, Glass Glover, Lomond, David Scott, South African Land and Exploration, Vaul Reels Exploration and Mining, Western Deep Levels.

Finals: Allinist London Properties, Chris-Tyler, Distillers, O. M. Ford, Great Universal Stores, Mastermex, Estates, Hollis Brothers and E.S.A., Allinist Industries Nova (Jersey) Ltd, Syntex, Turco Corporation, Unigate, Wellman Engineering.

left them 50p lower at £141. On stated earnings, the p/e is a heady 15.8 but the main attraction of the shares lies not so much in the short-term earnings prospects, which look a little cloudy as spot freight rates ease, but to the asset backing of perhaps £22 per share and the eventual return from onshore oil and gas licences. Even after a special anniversary dividend, the yield is minimal.

Boulton and Paul near £6m

After a continued improvement in the second half, Boulton and Paul structural engineers reports taxable profits for the year to March 31, 1980, up from £5.22m to £5.9m. At halfway profits were £3.7m against £3.3m.

Turnover for the year was higher at £88.14m (£82.57m). Taxation took £1.90m (£2.5m) and after minorities of £91,000 (£81,000) the attributable balance is £3.83m (£2.95m).

The dividend for the year is raised from 3.6p to 3.8p and earnings per 25p share are given as 10.1p (7p). Boulton and Paul is a wholly owned subsidiary of the British Electric Traction Company.

Scapa confident of improvement

Scapa Group is confident of its ability to hold its place and even improve penetration of the markets it serves, Mr. T. Dickson Walker, chairman, tells members in his annual review.

With the current economic uncertainties in both Europe and America, he says it is difficult to assess the likely course of trading in 1980-81. Activity in the opening quarter has been well sustained, "but it is not practical to assume that this pattern will continue."

The chairman explains that the group has recognised the need to meet the problems of the day by concentration on economy of production and development of markets, and that Scapa is essentially a sound business, "with an eye for development and growth."

As reported on June 28, from turnover of £78.08m (£71.1m) pre-tax profits for the year ended March 31, 1980, fell to £8.29m (£8.79m). The dividend is increased to 6.55p (6.25p) net per share.

On a CCA basis profits are reduced to £5.03m (£5.35m), after additional depreciation of £1.99m (£1.76m), cost of sales adjustment £2.11m (£1.32m), less a gearing factor of £339,000 (£635,000).

Accounts show shareholders' funds of £43.7m (£41.74m), and loan capital and bank overdrafts of £17.6m (£15.4m).

Mr. Walker states that group facilities are considered adequate to match requirements in the immediate future, and to meet

the demands of working capital the timing of capital expenditure has been extended where necessary.

Increase at Union Discount

TRADING PROFITS of the Union Discount Company of London, discount house, were greater in the half year to June 30, 1980, than for the same period last year.

Although a modest provision was required in last year's first half for the depreciation in the value of the portfolio, this year the market valuation was in excess of cost, the directors state in their interim report.

The net interim dividend, to reduce disparity, is lifted from 6.375p to 9p per £1 share and therefore carries no implication for this year's total—the 1979 total was 20p from net profits of £2.08m.

Mr. Peter Lee, managing director, says he is convinced that Minimum Lending Rate will fall to 12 or 13 per cent by the end of this year. He expects the reduction to come as a sudden drop—possibly a 2 to 3 per cent fall in the space of a month.

Lex, Back Page

B. Elliott looking to increase market share

THE OVERSEAS companies of B. Elliott and Co., machine tool maker and general engineer, continue to do well, says Mr. Mark Russell, the chairman, and although short-term prospects at home are not encouraging, he has confidence in the group's ability to increase market share in the UK and to seek out new markets overseas.

Pre-tax profits rose over 20 per cent to £11.35m for the year to March 31, 1980, on external sales up £18m to £111m—as reported June 26. At the end of May this year, overall workload stood at £40m, but in the UK there has been a marked decline in the engineering sector in recent weeks.

On a CCA basis, historical profits are reduced to an adjusted £8.76m pre-tax.

Expenditure on fixed assets in the 1979-80 year amounted to almost £7m (£5.6m) and outstanding commitments at April 1, 1980, were £1.8m (£2.4m).

Meeting, Savoy Hotel, WC, September 17, 12.15 pm.

Spring Grove confirms forecast

AT THE annual meeting of Spring Grove Services, Mr. G. H. J. Robinson, chairman, confirmed his profit forecast of £3.8m for the company's first year.

The various development programmes, he stated, were more or less proceeding on time, as well as the number of cost reduction programmes, "all of which will place the company in a better position for the future."

The forecast was made last November, at the time of the offer for sale—listing was granted for the 25m shares in December.

Crossfriars earns and pays more

After tax of £233,213 against £207,438, revenue of Crossfriars Trust, investment trust, came out well ahead from £417,772 to £611,540 for the year ended June 30, 1980.

Frank Horsell in line with forecast at £1.16m

IN LINE with its forecast, the Frank Horsell Group, printing products manufacturer, improved taxable profits from £1.04m to £1.16m for the year ended March 31, 1980, and is paying a single, final dividend of 3.5p net per share.

Mr. Geoffrey Horsell, acting chairman, says that results were achieved despite difficulties caused by the steel strike, which affected ink supplies to the canning industry.

Commenting on immediate prospects he says the group, in common with British industry in general, faces ever increasing costs, some declining in demand, and a "generally unhealthy economic background, including the effect of the strong pound."

He adds, however, that one of the group's resources to contend with these difficulties will be the £1m investment in a continuous process plate production line, which incorporates microprocessor controls and laser scanning inspection, at Horsell Graphic Industries.

"We expect to commission it during 1980-81 whereafter it will provide greatly increased

H. Samuel deal gives it seven more branches

Mr. Ronald Collingwood, chairman of H. Samuel, told shareholders at yesterday's AGM that negotiations have been concluded to acquire for cash a jewellery business in south-east England which will give the company representation in seven towns where it is not at present trading.

In addition, he said, a further seven new branches will have been opened by the end of the year. At the multiple retail jeweller's headquarters in Birmingham, additional buildings have been acquired on an adjoining 11-acre site.

On future prospects Mr. Collingwood said that trading conditions in the High Streets were difficult due to the general recession in industry but the standard of the group's branches was higher than ever and he was confident that the company will retain its position as market leader.

The board intends to continue the growth and expansion of the group.

Leda Trust ahead at six months

Including dealing profits from its subsidiary of £15,468 against £11,668, gross revenue of Leda Investment Trust went ahead from £155,048 to £184,873 in the half year to June 30, 1980.

After tax of £46,756 (£42,116), income share earnings are shown up from 1.75p to 2.08p. The net asset value per capital share is 64.8p (59p).

The interim dividend is lifted from 1.33p to 1.47p net—last year's total was 3.78p.

Rolfe & Nolan touch 78p

Shares of computing services company Rolfe & Nolan rose to 78p yesterday, after initial dealings at 67p, under Stock Exchange Rule 163 (2).

The shares, which were introduced to the market on Tuesday, were off a £0.45m offering at 31p a share, closed at 70p after very quiet trading and light share selling at the peak. At 70p, the shares have an historic p/e of 20 on fully taxed profit in the year to February 29, 1980.

HALF THE STORY SPEAKS VOLUMES.

Hanson Trust has reported profit up by 29% to £16.1m (£12.5m) for the six months to March 31, 1980 and an interim dividend up 46% to 3.75p per share.

Earnings per share increased to 9p (7p).

A very firm platform from which to launch a second half aimed at establishing our seventeenth consecutive year of increased profit.

And the solid record we have established in basic industries has enabled us to produce some sparkle amidst the prevailing economic gloom.

As Questor said in The Daily Telegraph on June 12: "Hanson Trust's tradition of solid, steady profit growth is unlikely to be checked in the current year."

The first half speaks for itself. Now all our efforts will be concentrated solely on continuing the Hanson Trust success story.

For your copy of the 1980 Interim Report please write to: Hanson Trust, FREEPOST, 180 Brompton Road, LONDON SW3 1BR (NO STAMP REQUIRED) or telephone (01) 589 7070.

Hanson Trust
The industrial management company where people are as valued as assets.

MINING NEWS

South Australia holds up Getty Oil exploration

BY GEORGE MILLING-STANLEY

THE South Australian Government has decided to defer the granting of mineral exploration licences in the state's Officer Basin to Getty Oil Development, a subsidiary of America's Getty Oil, until the company starts preliminary discussions with aboriginal leaders concerning sacred sites in the area.

Mr. Roger Goldworthy, South Australia's Mines and Energy Minister, said that the order reflects the Government's desire to maintain proper relations with the Pijanyjara tribal council. The council said earlier that there could be no prospecting until there had been talks, and so far there had been no contact with Getty.

Getty is also involved in the huge Jabiluka uranium project in the Northern Territory, in partnership with Australia's Pancontinental Mining. The partners are still waiting for a go-ahead from the Federal Government to develop the deposit, discovered some eight years ago.

Tests by the Department of Mines and Energy have shown that the Officer Basin has the

potential for a variety of minerals, including oil, Mr. Goldworthy said.

Exploration permits already granted in the same area to Comalco are unaffected by the decision on Getty, as the Australian company has opened negotiations with the tribal council.

Comalco, which is controlled by London's Rio Tinto-Zinc group and Kaiser Aluminum of the U.S., yesterday reported that production of hauxite during the second quarter increased by 15.5 per cent to 2,590 tonnes, while shipments were 9.8 per cent higher at 2,780 tonnes.

Both domestic and export markets for hauxite remained relatively stable, Comalco said. Shipments were boosted forward to take advantage of the availability of transport, with the consequence that levels are expected to be somewhat lower during the second half of the year.

Production of primary aluminium from the company's smelter at Bell Bay, Tasmania, and its 50 per cent-owned Tiwai Point smelter in New Zealand

rose by 3.2 per cent during the quarter to 48,448 tonnes.

Comalco spent \$517,546 (\$88,773) on exploration in the period. The main areas of exploration, apart from its basic raw material hauxite, were sleaming coal for power generation and fluorsite and iron, both of which are used in the production process.

Meanwhile, Getty Oil Development has announced its withdrawal from a gold exploration joint venture near Bundaberg, in Queensland. Getty took part with Australia's Samantha Exploration and Samson Exploration in an evaluation programme at the Mount Rawdon gold deposit.

The study indicated probable ore reserves of around 12m tonnes grading a mere 1.7 grammes of gold per tonne, and a higher tonnage of even lower grade material.

Getty said yesterday that it was withdrawing because the prospect did not meet its economic objectives. Samantha and Samson said that they consider the project viable, and they will each take a 50 per cent stake.

Gencor quarterlies follow trend

THE JUNE quarter results from the South African gold mines in the merged General Mining Union Corporation (Gencor) group tell a similar story to the groups which have already reported.

The average gold price received by the Gencor mines during the period was between \$80 and \$100 per ounce lower than in the March quarter, and working costs were higher, leading to reduced working profits. The decline at the net level has been partially offset by lower taxation and in most cases higher sundry income, especially where uranium operations come into the picture.

Most of the mines have tried to compensate for the fall in the hullion price by raising their milling rates, but the benefits of this have been reduced by the trend towards mining lower grade ores. In general, the increases in working costs at the Gencor mines were contained to modest proportions.

West Rand Consolidated remains the group's major problem, because of the low gold recovery grades. The fall in the average price received to \$535 per ounce from \$604 led to a substantial

increase in the working loss on gold. But State aid coupled with a rise in the contribution from uranium, higher net tribute and royalty payments and a lower tax charge gave the mine an increase of almost 6 per cent in net profits.

Net profit figures for the Gencor mines are compared in the accompanying table. The group is owned as to 50.05 per cent by Federale Mymbou.

| | June | Mar. | Dec. |
|------------|--------|--------|--------|
| | 1979 | 1979 | 1979 |
| Brackpan | 2,852 | 3,721 | 2,209 |
| BuKela | 28,023 | 32,312 | 21,957 |
| Grootevlei | 5,522 | 7,483 | 5,720 |
| Klerks | 8,896 | 10,447 | 8,501 |
| Leslie | 2,639 | 3,137 | 1,749 |
| Manewale | 1,071 | 1,704 | 1,082 |
| St. Helena | 16,820 | 20,659 | 13,299 |
| St. Ignace | 13,192 | 19,535 | 10,026 |
| Unisa | 9,865 | 14,721 | 8,880 |
| W. Rand | 2,541 | 3,522 | 1,884 |
| Vineburg | 14,444 | 17,927 | 11,745 |

* Loss. † After receipt of State aid. ‡ After repayment of State aid.

Noranda sees profit fall this year

THREE OF Canada's leading natural resources companies yesterday reported improved

profits for the first half of the current financial year.

Noranda Mines, the largest of the three, turned in a one-third rise in net profits to \$188.3m (\$28m) on sales 28 per cent ahead at \$314.2m, but the group warned that it now seems unlikely that last year's record earnings per share of \$4.85 can be equalled.

The continuing strike at the group's 64.1 per cent-owned Brunswick Mining and Smelting, and equipment problems at the 50.9 per cent-owned Brenda Mines will have an adverse impact on third quarter earnings, Noranda said.

Denison Mines, one of the world's leading producers of uranium, saw net profits rise by 15 per cent to \$83.8m on sales higher by a similar percentage at \$317.6m. The company attributed the rise largely to higher income from oil and gas.

The picture at Kaiser Resources is distorted by the sale of its Canadian oil and gas interests during the period. Net profits are shown at \$246.5 against \$231m, but over \$230m of the figure for the current period is accounted for by the disposal.

BIDS AND DEALS

'Dawn raid' on Pritchard

BY CHRISTINE MOHR

CARR SEBAG, acting as broker to Provincial (formerly Provincial Landings) and the private interests of Mr. Michael Ashcroft, its chairman, bought 3.88 per cent of Pritchard Services Group for £1.4m in a six-minute "dawn raid" yesterday morning.

Provincial and Mr. Ashcroft already owned 11.25 per cent of Pritchard, so the market manœuvre increased the stake to 20.1 per cent.

Mr. Ashcroft said yesterday that he had "no present intention" of making a bid for the rest of the company, but he would "consider" buying more shares up to a maximum of 28.9 per cent of Pritchard at prices not over 70p.

At that price Mr. Ashcroft values Pritchard at £15m. Provincial's own market capitalisation is £7.2m or so.

Mr. Peter Pritchard, the executive chairman of the services group, said that the Board "would consider" inviting Mr. Ashcroft to the Board at its meeting next week. He could not, however, pre-empt the Board's decision, he said.

The two groups have a common interest in garment hire, although Provincial's main business is in contract laundry work while Pritchard specialises in garment and cabinet towel rental.

Pritchard also has interests in stone cleaning and security services, as well as industrial cleaning and building maintenance which provided 75 per cent of last year's trading profits of £3.6m.

The market operation which netted Provincial 1.9m shares at 72½ pence was the ninth such raid in the stock market this year.

Following the controversial

raid carried out in February by Rowe and Pitman when de Beers acquired 11 per cent of Consolidated Gold Fields, a special Stock Exchange committee has recommended changes in the market rules governing such deals.

In particular, the committee wants notice of a pending raid posted in the market, equal opportunity given to all brokers to contact clients over possible sales, and no dealing before 9.30 am when the market opens.

It also wants a 30-minute suspension between notification and operation, and believes brokers should be required to fulfil at least half the buying order through the market rather than from personal clients.

Mr. Charles Telfer, the dealing partner of Carr Sebag who supervised the raid, said that all but the last two provisions had been complied with, although the committee's recommendations have not yet been adopted by the Stock Exchange Council.

The broker had bought 700,000 of the 1.9m shares offered for sale from the market. The remainder had come from private clients and about a dozen institutions.

The question of a halt in trading had been discussed with officials in the Exchange but had not been agreed because no change in rules had yet been made and there was considerable division, even within the council, as to whether a trading halt was necessarily appropriate or beneficial prior to a raid.

This firm stance forced Mr. Norman Fowler, the transport minister to finally reject online ideas—mooted early in the joint discussions by Government officials—to "hive-off" the non-rail assets completely into the private sector.

Sir Peter would have none of this but wanted changes made in the way the generally sluggish non-rail subsidiaries could be given greater freedom and access to much needed private sector funds.

The formula finally agreed by the Minister and Sir Peter calls for British Railways Board to own 100 per cent of the holding company. Ultimately, at a time to

Commercial zest for BR offshoots

BY LYNTON McLAIN

THE long-heralded plan to add a commercial touch to British Rail's non-rail subsidiaries through exposure to private risk capital was launched this week with talk of a golden future for hotels, ferries, hovercraft and BR property.

The plan, agreed by the Government and the British Railways Board, involves setting up a holding company.

This will embrace Sealink UK, British Rail Hovercraft, British Transport Hotels and the non-rail assets of the British Rail Property Board generally regarded as the brightest star in Sir Peter Parker, the BR chairman's "constellation" of activities.

The total net book value of the assets of the four operations is currently put at about £380m, which earned total operating profits of about £20m on a £250m turnover last year.

The objectives of the initiatives taken by the Transport Department and by British Rail in seeking to set up a holding company are twofold. The Government wants to find ways of reducing the public sector borrowing requirement and it believes it can achieve this if the non-rail assets of BR can be shunted into the private sector.

Keeping its assets

British Rail, on the other hand, is not anxious to lose any of its assets. Nobody, Sir Peter Parker included, likes to be seen welcoming a loss of empire.

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Sir Peter would have none of this but wanted changes made in the way the generally sluggish non-rail subsidiaries could be given greater freedom and access to much needed private sector funds.

The formula finally agreed by the Minister and Sir Peter calls for British Railways Board to own 100 per cent of the holding company. Ultimately, at a time to

be agreed by British Rail, but subject to the timing of legislation necessary to strengthen the British Railways Board's powers and those of the Minister, the subsidiary businesses will pass into "effective private ownership."

The word "effective" is important. British Rail interprets it to mean that it will always retain control of the holding company. Mr. Norman Fowler, on the other hand, believes BR must eventually lose control if the subsidiaries are to "escape the constraints of public spending controls."

The details of how private funds will be brought into the subsidiaries have not been settled, despite the lengthy talks.

However, a "variety of initiatives" is proposed including one or more flotations of shares, joint ventures with private sector partners and straightforward sales of property.

The individual assets and performances of some of the non-rail subsidiaries may appear as glittering potential prizes for private investors.

Gleneagles Hotel, Perthshire, is the best example, but Sealink UK has some new ships entering service this year which go some way towards overcoming the problems associated with vessels over 30 years old.

British Transport Hotels owns 29 hotels in England and Scotland. The gross income from the hotels last year was £38m which produced an operating surplus of £328,000. The total staff at the end of last year was 4,500.

British Rail admits that last year was a "struggle" for the hotels business. The fall in overseas tourist numbers hit hardest at the BTH group of leisure hotels. The group's city centre hotels, especially in London, had an active year.

Less fortunate were the six hotels in the "investment" group, the name given by BTH to the hotels in areas where industry, and hence business, is in a depressed state. These hotels are the Midland at Derby, the Royal Victoria, Sheffield; the Grand Hotel, Hartlepool; the Royal Station Hotels at Hull and

Newcastle upon Tyne and the Station Hotel at Perth.

The British Rail Property Board had a gross rental income of £41.8m last year, which produced an operating surplus of £29.4m before development land tax. The Board employed just over 1,100 people last year.

Rental rose by 2.6m for the year, a rise of 22 per cent over 1978. The surplus was up by 15 per cent compared with 1978. British Rail has estates totalling 200,000 acres, of which 170,000 are fully operational. The balance is all that is expected to be made available in the portfolio under the holding company. But a significant proportion of the remainder, classed as non-operational, is occupied and revenue producing. In addition, BR has 1,500 miles of closed branch lines, with "liabilities" such as cuttings, embankments and tunnels which make them unattractive to potential buyers.

Sealink UK made an operating surplus of £12.7m on a gross income of £194m last year, its first full year as a company wholly owned by the British Railways Board.

Shipping profits

Ship operations produced a gross income of £173.5m, an operating surplus of £3.7m last year, when Sealink UK owned 51 vessels.

However, Sealink UK also owns 11 ports including Harwich (Parkeston Quay), Folkestone, Newhaven, Stranraer, Fishguard and Holyhead, which are Sealink bases. The ships also operate from leased berths at Dover, Portsmouth and Weymouth.

The Harbours operation had a gross income of £20.5m last year which produced an operating surplus of £4m.

British Rail Hovercraft made a loss last year of £213,000, despite offering more capacity and carrying more passengers than ever before. Total gross income was £12.35m. The company owns two Super 4 hovercraft, and last year a 30 per cent increase in the fuel bill for hovercraft operations seriously affected results, although the final loss was 64 per cent better than the £2.3m loss in 1978.

RESULTS AND ACCOUNTS IN BRIEF

GREENBANK TRUST—Gross investment income for half-year ended June 30, 1980, £28,618 (£26,557 and £23,448 for 1979 year). Net assets value per 25p ordinary 104p (99p and 92p). Valuation of investments £336,045 (£283,235 and £290,310). Net liquid liabilities £2,329 (£12,280 net liquid assets and £12,053 liabilities for year). Directors say it seems likely that dividend for year will be in line equivalent to previous year's 4.2p.

BRITISH BENZOL CARBONISING (manufacturer of coke, smokeless fuels and other coal by-products)—Results for the year to March 31, 1980, and prospects, reported July 7. Shareholders' funds £4.75m (£4.11m), cash and bank balances £18,000 (£24,000). Historic profits of £74,000 (£1,25m) reduced to £28,000 on a CCA basis.

COMMERCIAL PROPERTIES—Turnover for 1979, £1.65m (£1.46m); profit £1.05m (£0.85m), before tax £0.65m (£0.36m) and extraordinary credits £0.33m (£22,000). Dividends £2.50m (£237,800). Bank loan £0.75m (£2.5m).

B. ELLIOTT

| | 1980 | 1979 |
|---------------------------------|---------|--------|
| External turnover | £111.0m | £92.5m |
| Profit before tax | £11.4m | £9.4m |
| Profit after tax and minorities | £7.7m | £6.5m |
| Earnings per share | 46.92p | 43.98p |
| Dividends per share | 12.25p | 10.00p |

Extracts from the statement by the Chairman, Mr. Mark Russell

Record profits The past year has been a difficult one in many ways for the engineering industry in the United Kingdom. It is particularly pleasing therefore to record a pre-tax profit of £11.4 million for the year to 31 March 1980, an increase of just over 20% on that for the previous year.

United Kingdom and Overseas contributions Overall the contribution to Group profits by the United Kingdom operations was very similar to that of the previous year despite the national engineering dispute in the late summer of 1979. Both the United Kingdom Merchandising Divisions again performed particularly well, whilst all our Overseas Companies achieved record results.

Strong balance sheet The balance sheet overall is strong with borrowings remaining at under 12% of shareholders' funds which now amount to £33.7 million.

Future prospects Overseas our companies continue to do well and, although short term prospects at home are not encouraging, we are strong managerially and financially and I have confidence in our ability to increase our market share in the United Kingdom and to seek out new markets overseas.



International machine tool and engineering group.

Copies of the Report and Accounts for the year ended 31st March 1980 can be obtained from the Secretary, B. Elliott & Company Limited, 10 Imperial Drive, Harrow, Middlesex HA2 7JP. Telephone 01-468 1244.

REDEMPTION NOTICE

Electricity Supply Commission

Guaranteed Floating Rate Notes due 1982

NOTICE IS HEREBY GIVEN that \$6,107,000 principal amount of Notes will be redeemed on August 15, 1980 in accordance with Section 5(c) of the Note at the option of the holders thereof, at a redemption price equal to the principal amount being redeemed together with interest accrued thereon to the date fixed for redemption.

After the above optional redemption on August 15, 1980, the total outstanding of this issue is \$5,014,000.

For the Electricity Supply Commission
CITIBANK, N.A.
As Fiscal Agent

July 10, 1980

TRICENTROL IN U.S. BID PLAN

Tricentrol the British oil company, has announced its intention to make a U.S. acquisition "by the end of the year."

Mr. James Longcroft, the chairman, yesterday indicated that the company is interested in an exploration company costing between \$150m and \$200m. But he said no such acquisition would be attempted for at least three months.

HARRISON COWLEY In addition to the placing of 30 per cent of the capital on July 2, directors of Harrison Cowley (Holdings) have placed further

RACAL BUYS CHICAGO COMPANY

The Racal electronics group has bought Telesystems Network, a Chicago company, which designs and manufactures specialised data communications products, for an initial payment of \$600,000 (£253,000), to be followed by further agreed sums based on future performance.

The company becomes a subsidiary of Miami-based Racal, 100 per cent of which has responsibility for manufacture and marketing of the Telesystems range of computer and peripheral protocol converters.

County & District talks

BY MICHAEL CASSELL

County and District Properties announced yesterday that it is having talks which may lead to an offer being made for all the issued share capital of the group. The company declined to say who was involved in the discussions, which it said were at an early stage. A further announcement would be made as soon as possible.

The news pushed County and District shares up 3½p to close at 210p. Sir Robert McAlpine (C.T.I.) has a 22.5 per cent interest in the group, which it acquired in November 1977. Just over 2 per cent of the equity is controlled by Mr. Leslie Melville, chairman and managing director of County and District, and other Melville family interests.

In the half-year to September 30, 1979, pre-tax profits of County and District amounted to £309,000 (£292,000) and directors said they expected a further improvement in the second half. Rental and management income rose from £462,000 to £493,000. Assets per share at the end of the last financial year stood at 217p.

SHARE STAKES

George H. Scholes—Britannic Assurance interested in 522,500 ordinary (12.19 per cent).
Barbary Stores—Mr. L. Vernon, director, has acquired 25,000 ordinary shares.
Group Investors—The non-beneficial interests of Mr. E. D. Barlow and Mr. P. W. Darwin, directors, have been reduced by 6,880 and 24,680 ordinary shares respectively.

PANAMANIAN STAKE IN STODDARD

Hampton Corporation, a Panamanian registered company, has increased its stake in Stoddard Holdings, voting shares to 12.05 per cent. Total voting shares in issue amount to only about 12 per cent of Stoddard's issued capital.
Together, Hampton's stake and the holdings of Stoddard's

directors in the voting shares represent more than 65 per cent of the ordinary shares and makes the company a "close company" again under the provisions of the 1979 Taxes Act.

HOPKINSONS

Hopkinsons Holdings, the valve company, announces that its Polesworth (Ratcliffe) subsidiary has bought the stainless steel valve manufacturing interests of Royles of Irlam, Manchester.

The consideration, wholly in cash, was considerably less than 5 per cent of the group's assets.

Parambe jumps to £14,906 at halfway

Taxable profits of Parambe, investment company, jumped from £8,366 to £14,906 in the six months to June 30; investment profits from £1,408 to £2,015.

Turnover rose to £36,335 (£35,910). Taxation took \$4,464 (£3,043).

Realised investment gains, including £340,000 on the sale of Italian gas interests and Sri Lanka compensation, added £167,309 (£10,263), and retained was up from £15,788 to £170,250.

There is an interim dividend of 0.2p, with a forecast final of 0.4p. For 1979 the company paid a single dividend of 0.5p net on pre-tax profits of £29,000.

Earnings per 10p share are given as 0.25p (0.15p). Net asset value per share was 17p at June 30 (11½p at the year-end).

TALBEX

Talbex Group reports the repayment of £182,506 of 11½ per cent convertible redeemable unsecured loan stock 1978-81 on July 14, the balance of £146,831 stock remaining in issue.

Southern Pacific Petroleum N.L.

Central Pacific Minerals N.L.

have entered into a heads of agreement for the development of the

Rundle Oil Shale Project

Queensland, Australia.

with

Esso Exploration and Production Australia Inc.

a wholly owned subsidiary of

Exxon Corporation

The undersigned acted as financial adviser to Southern Pacific Petroleum N.L. and Central Pacific Minerals N.L. and assisted in the negotiations leading to this transaction.

MORGAN STANLEY & CO.

Incorporated

July 16, 1980

Scapa Group

Extracts from the Statement by the Chairman, Mr. T. Dickson Walker.

The general level of activity was high throughout the year, particularly in North America which produced an increased proportion of Group profits.

On the contrary side the strength of sterling has considerably influenced margins available to the United Kingdom part of the Group on its substantial export sales.

In spite of the adverse effect of currency exchange movements, operating profits before interest have been maintained in comparison with the previous year.

It is a source of strength to the company that it is internationally based.

The group is confident of its ability to hold its place and indeed to improve its penetration of the markets it serves.

| Results | 1980 | 1979 |
|------------------------|--------|--------|
| Sales | £'000 | £'000 |
| Sales | 78,682 | 71,099 |
| Profit before interest | 10,301 | 10,252 |
| Profit before tax | 8,293 | 8,791 |
| Profit after tax | 4,390 | 5,523 |
| Dividends | 1,748 | 1,666 |
| Earnings per share | 16.5p | 20.7p |
| Dividends per share | 6.55p | 6.25p |

Scapa Group Limited
Oakfield House,
52 Preston New Road,
Blackburn BB2 6AH.
Manufacturers of paper, machine clothing and other specialised industrial textiles.

Copies of the Report and Accounts containing the Chairman's Statement in full can be obtained from the Secretary.

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General Mining Union Corporation Group

Gold Mining Companies' Reports for the Quarter ended 30 June 1980

All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN Gold Mining Company Limited

Issued capital—13,082,920 shares of 50 cents each.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|--------------------------------------|-------------------------|-------------------------|--------------------------|
| Operating results | | | |
| GOLD | | | |
| Mined (m³) | 143,720 | 136,534 | 280,254 |
| One milled (t) | 482,000 | 480,000 | 962,000 |
| Gold produced (kg) | 4,340,000 | 4,320,000 | 8,660,000 |
| Yield (g/t) | 30.0 | 30.0 | 30.0 |
| Working revenue (R/m³) | 128-67 | 158-72 | 143-07 |
| Working costs (R/m³) | 43-25 | 43-25 | 43-25 |
| Working income (R/m³) | 147-23 | 148-53 | 147-69 |
| Working income (R/m³) | 35-67 | 114-47 | 99-99 |
| Gold price received (R/kg) | 14,131 | 17,330 | 15,715 |
| Gold price received (R/kg) | 580 | 684 | 609 |

The above figures exclude one processed by Stilfontein Gold Mining Company Limited.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|--|-------------------------|-------------------------|--------------------------|
| Financial results (R'000) | | | |
| GOLD—Working revenue | 62,406 | 75,224 | 137,630 |
| —Working costs | 21,160 | 20,279 | 41,439 |
| —Working income | 41,246 | 54,945 | 96,191 |
| Sundry income | 687 | 801 | 1,488 |
| Taxation and royalty payments—net | (3,600) | (5,000) | (8,100) |
| Income before taxation and State's share of income | 38,303 | 50,946 | 89,249 |
| Taxation and State's share of income | 25,111 | 31,411 | 56,522 |
| Income after taxation and State's share of income | R13,192 | R19,535 | R32,727 |
| Capital expenditure | 867 | 1,086 | 2,053 |
| Dividend declared | 30,301 | — | 30,301 |

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|------------------------------------|-------------------------|-------------------------|--------------------------|
| Development | | | |
| Advanced (m) | 8,782 | 160 | 8,942 |
| Advanced on reef (m) | 1,215 | 160 | 1,375 |
| Sampled (m) | 975 | 120 | 1,095 |
| Channel width (cm) | 25 | 61 | 86 |
| Average value—gold (g/t) | 55-4 | 2-5 | 28-7 |
| —uranium (g/t) | 1,423 | 154 | 1,577 |
| —uranium (g/t) | 0-882 | 0-993 | 0-988 |
| —uranium (g/t) | 22-47 | 5-70 | 28-31 |

One Reserve as at 30th June, 1980.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|--|-------------------------|-------------------------|--------------------------|
| REMARKS | | | |
| Capital expenditure | R172,000 | | |
| Commitments in respect of contracts placed | R3,650,000 | | |
| Amounts approved not yet spent | | | |

Dividend: On 4th June, 1980 dividend No. 52 of 160 cents per share was declared to members registered on 20th June, 1980. Dividend warrants will be posted on or about 7th August, 1980.

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BUFFELSFONTEIN Gold Mining Company Limited

Issued capital—11,000,000 shares of R1 each.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | Year ended 30.6.1980 |
|--------------------------------------|-------------------------|-------------------------|----------------------|
| Operating results | | | |
| GOLD | | | |
| Mined (m³) | 226,011 | 214,493 | 880,010 |
| One milled (t) | 322,000 | 320,000 | 642,000 |
| Gold produced (kg) | 6,432,187 | 6,432,187 | 12,864,374 |
| Yield (g/t) | 28.1 | 28.1 | 28.1 |
| Working revenue (R/m³) | 109-79 | 195-40 | 101-18 |
| Working costs (R/m³) | 42-88 | 41-34 | 41-00 |
| Working income (R/m³) | 184-85 | 174-60 | 174-60 |
| Working income (R/m³) | 67-21 | 84-39 | 60-18 |
| Gold price received (R/kg) | 13,761 | 16,840 | 12,485 |
| Gold price received (R/kg) | 543 | 641 | 478 |

The above figures include one processed by Buffelsfontein Gold Mining Company Limited.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | Year ended 30.6.1980 |
|--|-------------------------|-------------------------|----------------------|
| Financial results (R'000) | | | |
| GOLD—Working revenue | 90,280 | 108,316 | 324,771 |
| —Working costs | 34,999 | 33,074 | 131,366 |
| —Working income | 55,281 | 75,242 | 193,405 |
| Uranium—Working income | 4,232 | 1,882 | 16,470 |
| Sundry income | 1,031 | 1,031 | 3,064 |
| Taxation and royalty payments—net | (3,694) | (4,999) | (14,033) |
| Income before taxation and State's share of income | 56,706 | 72,885 | 188,306 |
| Taxation and State's share of income | 28,653 | 40,546 | 102,220 |
| Income after taxation and State's share of income | R28,053 | R32,339 | R86,086 |
| Capital expenditure | 11,009 | 7,040 | 30,157 |
| Dividend declared | 47,300 | — | 47,300 |

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | Year ended 30.6.1980 |
|------------------------------------|-------------------------|-------------------------|----------------------|
| Development | | | |
| Advanced (m) | 18,017 | 15,503 | 65,091 |
| Advanced on reef (m) | 1,511 | 1,583 | 7,444 |
| Sampled (m) | 1,407 | 1,518 | 7,167 |
| Channel width (cm) | 121 | 128 | 120 |
| Average value—gold (g/t) | 14-85 | 1-70 | 12-19 |
| —uranium (g/t) | 1,796 | 1,548 | 1,533 |
| —uranium (g/t) | 0-443 | 0-326 | 0-400 |
| —uranium (g/t) | 53-51 | 41-73 | 47-89 |

One Reserve as at 30th June, 1980.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | Year ended 30.6.1980 |
|--|-------------------------|-------------------------|----------------------|
| REMARKS | | | |
| Capital expenditure | R15,612,000 | | |
| Commitments in respect of contracts placed | R52,104,000 | | |
| Amounts approved not yet spent | | | |

Dividend: On 4th June, 1980 dividend No. 46 of 430 cents per share was declared to members registered on 20th June, 1980. Dividend warrants will be posted on or about 7th August, 1980.

On 4th June, 1980 dividend No. 46 of 430 cents per share was declared to members registered on 20th June, 1980. Dividend warrants will be posted on or about 7th August, 1980.

On 4th June, 1980 dividend No. 46 of 430 cents per share was declared to members registered on 20th June, 1980. Dividend warrants will be posted on or about 7th August, 1980.

On 4th June, 1980 dividend No. 46 of 430 cents per share was declared to members registered on 20th June, 1980. Dividend warrants will be posted on or about 7th August, 1980.

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On 4th June, 1980 dividend No. 46 of 430 cents per share was declared to members registered on 20th June, 1980. Dividend warrants will be posted on or about 7th August, 1980.

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WINKELHAAK Mines Limited

Issued capital—12,180,000 shares of R1 each.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|--------------------------------------|-------------------------|-------------------------|--------------------------|
| Operating results | | | |
| GOLD | | | |
| Mined (m³) | 121,280 | 118,987 | 240,267 |
| One milled (t) | 545,000 | 535,000 | 1,080,000 |
| Gold produced (kg) | 3,489 | 3,489 | 6,978 |
| Yield (g/t) | 6-4 | 6-7 | 6-5 |
| Working revenue (R/m³) | R105-52 | R85-43 | R95-47 |
| Working costs (R/m³) | R19-94 | R18-53 | R19-23 |
| Working income (R/m³) | R85-58 | R66-90 | R76-24 |
| Working income (R/m³) | R66-90 | R47-89 | R57-01 |
| Gold price received (R/kg) | R15,309 | R15,236 | R15,272 |
| Gold price received (R/kg) | 539 | 600 | 514 |

The above figures include one processed by Winkelhaak Mines Limited.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|--|-------------------------|-------------------------|--------------------------|
| Financial results (R'000) | | | |
| GOLD—Working revenue | R47,144 | R38,485 | R85,629 |
| —Working costs | R10,812 | R9,344 | R20,156 |
| —Working income | R36,332 | R29,141 | R65,475 |
| Sundry income | R508 | R605 | R1,113 |
| Taxation and royalty payments | R36,841 | R46,481 | R91,322 |
| Income before taxation and State's share of income | R368 | R238 | R606 |
| Taxation and State's share of income | R37,209 | R46,719 | R93,928 |
| Income after taxation and State's share of income | R22,765 | R28,117 | R50,883 |
| Capital expenditure | R14,444 | R17,602 | R32,046 |
| Dividend declared | R1,067 | R678 | R1,745 |

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | 6 months ended 30.6.1980 |
|------------------------------------|-------------------------|-------------------------|--------------------------|
| Development | | | |
| Advanced (m) | 2,981 | 2,509 | 5,490 |
| Advanced on reef (m) | 1,511 | 1,583 | 7,444 |
| Sampled (m) | 1,407 | 1,518 | 7,167 |
| Channel width (cm) | 121 | 128 | 120 |
| Average value—gold (g/t) | 14-85 | 1-70 | 12-19 |
| —uranium (g/t) | 1,796 | 1,548 | 1,533 |
| —uranium (g/t) | 0-443 | 0-326 | 0-400 |
| —uranium (g/t) | 53-51 | 41-73 | 47-89 |

One Reserve as at 30th June, 1980.

| | Quarter ended 30.6.1980 | Quarter ended 31.3.1980 | Year ended 30.6.1980 |
|--|-------------------------|-------------------------|----------------------|
| REMARKS | | | |
| Capital expenditure | R1,187,000 | | |
| Commitments in respect of contracts placed | R5,326,000 | | |
| Amounts approved not yet spent | | | |

Dividend: On 13th June, 1980 dividend No. 80 of 35 cents per share was declared to members registered on 4th July, 1980. Dividend warrants will be posted on or about 14th August, 1980.

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NORTH AMERICAN NEWS

Sharp gain at Bankers Trust

BY STEWART FLEMING IN NEW YORK

BANKERS TRUST New York, the eighth largest U.S. commercial bank, increased its earnings per share by 116 per cent in the second quarter, giving further evidence of the high profit gains the bank has reaped from the abrupt decline in U.S. interest rates in April and May.

The bank said yesterday that net income before securities transactions and excluding a \$4.1m gain from the sale of 12 branches totalled \$58.6m in the second quarter, \$30m more than in the same period of 1979. Earnings per share were \$5.05 a share compared with \$2.34 a year earlier. After securities transactions profits per share were \$5.07 against \$2.36, up by 116 per cent.

For the first six months of 1980 the bank's earnings, after securities transactions totalled \$98.2m compared with \$55.4m in the same period of 1979. The per share total came out at \$8.19 against \$4.54.

Mr. Alfred Brittain, the chairman, said that the corporation's

record earnings performance for the quarter reflected higher net interest income, very strong securities trading results, net revaluation gains on foreign investments and higher levels of commissions and other income.

But he added that results for the second half of 1980 were not expected to continue at levels comparable to those achieved in the first half of the year. Per share profits in the second half of 1979 were \$4.83.

Gains from the revaluation of foreign investments totalled \$3.3m (\$203,000 previously) while securities trading profits rose from \$6.3m to \$13.2m.

The increase in earnings has coincided with management's decision to substantially strengthen the bank's loan loss provisions, which have been increased in the second quarter by \$12.5m to \$25m compared with provisions made in the second quarter of last year.

Net loan write-offs in the second quarter also doubled

from \$6.1m to \$12.3m. Other leading bank holding companies to report higher profits included Manufacturers Hanover, owners of the third largest bank in New York City and several smaller up-state banks.

Second quarter net operating earnings increased from last year's corresponding \$52.7m to \$161.1 a share to \$56.1m or \$1.89 a share. This brought profits for the half-year to \$112.7m or \$3.39 a share, compared with \$103.8m or \$3.17 a share previously.

Mellon National Corporation of Pittsburgh, the holding company of Mellon Bank, reported net operating income before securities transactions and provisions for loan losses of \$28.4m or \$1.55 a share for the second quarter against \$25.3m or \$1.29 a year earlier.

Mellon reported net operating income for the first half of \$54.5m or \$2.78 a share compared with \$48.4m or \$2.52, Republic of Texas, which owns Republic National Bank

of Dallas, the highest in Texas, boasted operating net for the second quarter from \$18.2m or \$1.03 a share to \$21.6m or \$1.22 a share. At half-year, net profits were \$40.5m or \$2.28 a share, compared with \$35.33m or \$1.99.

In contrast to the general trend, Wells Fargo, whose principal subsidiary is the third largest bank in California and the eleventh largest in the U.S., reported lower second quarter profits. Net operating profits were \$26.45m, equal to \$1.16 a share, compared with \$32.32m or \$1.43 for the corresponding period last year.

Half-year earnings totalled \$56.92m or \$2.49 a share, against \$62.32m or \$2.76 a share previously. Wells Fargo said its second quarter and first half earnings declined because its average cost of funds did not drop in step with the decrease in the prime rate. But it added that it expects to benefit from lower funds costs later in the year when many high rate deposits mature.

Moscow boycott blamed for dip at RCA

By Our New York Staff

RCA, THE communications, broadcasting and entertainment group, has recorded a sharp drop in second quarter earnings, and blames it on the U.S. boycott of the Moscow Olympics and other "unusual" items.

Net income was \$77.1m or 90 cents a share, down 10 per cent on last year's \$85.6m or \$1.13 a share. Sales were up slightly, from \$1.84bn to \$1.96bn.

Mr. Edgar Griffiths, chairman, pinpointed three factors distorting the second quarter result. First, earnings from the company's NBC TV subsidiary had been hit to the tune of \$16.1m because of the curtailment of U.S. TV coverage of the Moscow Olympics due to the boycott. Without that write-off, Mr. Griffiths said, NBC's earnings for the quarter would have been up on last year.

Second, RCA's sale to April of its Random House publishing subsidiary resulted in a \$10.8m gain in the second quarter. Third, last year's quarterly results were bumped up by a \$23m gain from the sale of RCA Alaska Communications.

Excluding the effects of these items, Mr. Griffiths said RCA's earnings would have been up 23 per cent in this year's second quarter. Earnings from Hertz car rental, RCA's biggest profit centre, were down because of high interest rates and the softness of the used-car market in which Hertz disposes of its used fleet.

Six-month results show profits of \$155.8m or \$1.69 a share, up from \$147.7m or \$1.64 a share last year. Sales were \$3.93bn, against \$3.64bn.

McGraw-Hill moves ahead

By Our New York Staff

McGraw-Hill, the U.S. publishing group, has boosted its earnings by 9 per cent in the second quarter, largely on the strength of its business information services. Net income reached \$17.3m, against \$16.35m in the same quarter a year earlier. Sales advanced to \$227m from \$200.3m last year.

"Operating results from our business information services in the second quarter were particularly impressive, largely offsetting somewhat disappointing performance in certain of our book markets," said Mr. Harold McGraw Jr., chairman.

Quiet day for bond markets

By Francis Giles

INTERNATIONAL bond markets were very quiet yesterday for the third day running. In the dollar sector, a half-hearted attempt by dealers to push prices up following Tuesday's rally in New York fizzled out, with prices falling the day after a point up on the day.

Dealers say they can discern no consistent pattern and that they believe most investors have already "gone on holiday". Some recent straight dollar issues are still languishing at very low levels: the 11 per cent bond for United Electric to 1980 is trading at \$24.93, yesterday at which level it yields 10.3 per cent.

The \$30m convertible for Metropolitan Estates Property Company was increased to \$53m yesterday by the lead manager, Knevel International Investment Company, and Morgan Grenfell, who privatised the issue at par. The coupon is 84 per cent and the conversion premium 10.27 per cent.

Bank Leumi of Israel, plans to raise through a subsidiary, \$80m on the Eurodollar market later this year. The issue will contain four equal tranches, three being floating rate notes and the other a convertible. The convertible tranche and the first FRN tranche will be offered in August, followed by the second and third FRN tranches in October and November. The FRN's will carry interest at 10 per cent over six-month Libor except the October tranche which will carry the same margin but over three-month Libor.

A Deutsche Mark foreign bond issue, priced at season's issues were unchanged on the day. Westdeutsche Landesbank put off an issue which it was planning to do for a European address. Deutsche Bank, which has two slots in the new issue calendar before the weekend, is expected to bring only one issue to the market by then—a DM 100m bond for an EEC industrial name. Since the last capital sub-committee meeting on June 23, DM 1.37bn worth of new D-Mark foreign bonds have been announced.

The European Investment Bank is making a private placement on the Luxembourg franc market of Lux72 250m. The coupon is fixed at 11 per cent and the bonds are priced at par. The eight year maturity includes a sinking fund to give an average life of six years. Banque Internationale de Luxembourg is the lead manager.

Fourth consecutive loss from American Airlines

BY DAVID LASCELLES IN NEW YORK

AMERICAN AIRLINES, the second largest domestic U.S. carrier, yesterday reported its fourth consecutive quarterly loss, with the deficit attributable to cost pressures and a weak market.

The loss was \$34.8m, or \$1.32 a share, from revenues of \$901.3m. This was well down on the profit of \$95.5m, or \$3.22 a share, in the same quarter last year, but a slight improvement on the loss of \$42m in the first quarter of this year.

The airline has now recorded a loss of \$76.7m in the first half of this year compared with a profit of \$68.4m in the same period of 1979. But last year's

figure reflected the big gains resulting from the long strike against its main competitor, United. Apart from that, American has not turned in a profit since the final three months of 1978.

The latest loss was attributed by American to sharply higher fuel costs. Airline passenger traffic has also fallen off sharply this year, and airlines have been forced to pare fares to attract business.

American said it had been able to offset promotional discounts through higher fares, thus raising revenue 4.6 per cent, but that the load factor had fallen 13.8 points to 62.9

per cent. American said fuel costs rose \$104.4m, or 59.7 per cent, to \$279.1m in the period. For the half year fuel costs increased 72.6 per cent to \$546.8m.

It said, operating expenses for the quarter totalled \$946.6m, up from \$795.5m a year earlier. For the first half operating expenses were \$1,870m, up from \$1,550m.

American also announced yesterday that Mr. Robert Crandall, its senior vice-president for marketing, had been appointed president and chief executive officer, taking over those responsibilities from Mr. Albert Casey, the chairman.

Continental Group sees recovery for full year

BY OUR FINANCIAL STAFF

EARNINGS FOR fiscal 1980 of Continental Group, the metal can and packaging company, are expected to "compare favourably" with last year's, despite a fall of 29 per cent in profits in the second quarter.

The first six months of the year now show earnings 5.5 per cent up at \$55m or \$2.53 a share, on sales 6 per cent higher at \$228.2m. In 1979 Continental earned \$189.2m or \$5.27 a share for the full year.

In the second quarter, sales held steady at \$111.1m, but earnings fell from \$53.4m or \$1.53 a share to \$37.8m or 97 cents.

The company said economic conditions in the U.S. and the weakening of the dollar abroad were responsible for the second-quarter earnings decline.

Higher interest rates, coupled with increased borrowings principally to finance the acquisition of Continental Resources, in-

creased interest expense in the quarter to \$24.6m from \$15.5m in the comparable quarter.

The group said some activities have been particularly affected by the economic slowdown, including metals cans in the U.S., automotive parts, building products and tile insurance.

However, these negative factors were offset, somewhat by gains in European packaging operations, plastic beverage bottles, bleached paperboard and by its Continental Resources subsidiary, the company said.

Analysts on Wall Street have previously forecast Continental's earnings for this year will exceed the 1979 total. Profitability should benefit from inclusion of Florida Gas, the oil and gas exploration company acquired in August last year for around \$351m.

Republic Steel shows sharp earnings drop

By Our New York Staff

SECOND-QUARTER earnings plummeted by 13 per cent at Republic Steel, the fifth largest U.S. steel producer. Because of low demand and the high level of imports the company expects the slide to continue into the third quarter.

Republic reported second quarter earnings of \$8.94m as opposed to \$42.2m for the corresponding period last year. Sales dropped to \$393.8m against \$419.1m.

The company's shipments of 1.46m tons in the second quarter were down 22.6 per cent from the 1.89m tons shipped in the same quarter last year.

Mr. W. J. de Lancy, the chairman and chief executive, said "low customer demand, inventory liquidation and the high level of steel imports will combine to constrain third quarter industry shipments to one of the lowest levels we have seen in many years."

Asarco boosts Bendix income

By Our New York Staff

DESPITE WORSENING conditions in its two principle markets, Bendix Corporation, the U.S. aerospace and automotive manufacturing group, has reported a net income gain of 17.9 per cent for its third quarter.

Sales advanced by 11.9 per cent, from \$1,025m for last year's third quarter to \$1,149m. Net income reached \$54.8m compared with \$45.5m last year.

Mr. William Agee, chairman and chief executive officer, said the continued deterioration of the North American car and light truck market and the severely depressed homebuilding market had adversely affected the company's results. The factors which helped Bendix move ahead in spite of the weak markets, Mr. Agee said, were a dramatic increase in the contribution to the company's results from its investment in Asarco, a U.S. metals group, and another period of excellent performance by its aerospace-electronics business.

Bendix's third quarter results also reflected the inclusion for the first time, of the recently-acquired Warner and Swasey operations.

The chief executive described the third quarter as a difficult period for the economy and the company. "While recently we have witnessed a decline in interest rates," he said, "general economic conditions remain far too tenuous to predict a near-term recovery in the automotive and housing markets."

Chesebrough maintains growth

BY TERRY BYLAND

CHESEBROUGH-POND'S, which has been rapidly diversifying out of its traditional cosmetics businesses, is well ahead of sales targets at the half-year. The six month period has brought a gain of 18 per cent to \$625 in sales, with earnings 20 per cent up at \$44.2m, or \$1.37 a share.

The pace of improvement was fully held in the second quarter, which recorded a 19 per cent gain in earnings at \$20.4m, or 63 cents a share, on sales at \$309.6m, up 18 per cent.

Results to date are well

ahead of forecasts from the investment community of an 11 per cent increase in earnings on the back of an expected 12 per cent to 15 per cent rise in sales. The improvement is likely to come mainly from recent product introductions by Chesebrough, whose interests now range throughout the food and clothing industries as well as its original toiletries and cosmetics operations.

Packaged foods, which include the Ragù line of spaghetti sauces, contribute around one fifth of group earnings, and a further tenth come from children's clothing manufacture at

the Health-tex division. About 24 per cent of earnings come from the overseas markets.

Last year, Chesebrough was able to report its 24th successive increase in annual earnings and despite its now heavy overseas commitment to the consumer fields which might be regarded as susceptible to recession, further growth in sales and earnings is widely expected.

However, the introduction of several new products has required increased advertising spending and the high interest costs in the earlier part of the year may have affected growth.

Owens-Corning in the red

BY CARLA RAPOPORT IN NEW YORK

OWENS-CORNING Fiberglas, the leading U.S. manufacturer of glass fibre products, announced it has moved into the red during the second quarter, blaming the significant decline in sales to the housing, automotive and pleasure boat markets.

The net loss for the quarter was \$2.1m against a profit in the same quarter last year of \$17.2m. Sales dropped to \$195.5m from \$355.1m in the second quarter of 1979.

Mr. William Boeschstein, chief executive officer, said:

"The recession continues to depress the company's major markets, with the market for housing, cars, boats, and other durables at their lowest levels in the past decade."

Mr. Boeschstein said the company had substantially reduced production in the second quarter in order to reduce inventories. In addition, the company has managed to increase productivity in order to meet the seasonal sales rises expected in the third and fourth quarters.

In August, Owens-Corning is

to launch a nation-wide advertising campaign to promote the energy-saving benefits of adding insulation in the home.

Sales and earnings of the international affiliates are well ahead of last year. In some international markets, however, the company has noticed some softness similar to that experienced in the U.S.

For the first six months of the year the company's net income was \$16.8m, or 55 cents a share, against \$48.5m and \$1.63 a share for the first six months of 1979.

Record first-half income for Transamerica

SAN FRANCISCO — Transamerica Corporation expects second quarter net income of about \$86m or \$1.02 a share against \$95.5m or 92 cents a share a year earlier, according to Mr. John R. Beckett, chairman and chief executive. Revenue is said to have risen to about \$1.1bn from \$953.2m.

Net income for the first six months of 1980 climbed to a record of some \$123m or \$1.39 a share from \$118.5m or \$1.31 a share, on revenue of \$2.2bn compared with \$1.99bn.

Despite the record first half, Mr. Beckett said it was increasingly difficult to project record results for the full year because of the deepening recession. In January the

executive had projected "a respectable increase" from the \$240.2m or \$3.66 a share of 1979. Mr. Beckett said he will recommend a dividend increase at the board's September meeting so that stockholders can at least keep pace with inflation. Transamerica currently pays 28 cents a quarter, having raised its dividend every year for the past 18. "Our cash flow is very healthy," said Mr. James R. Horvey, the president and chief operating officer.

Capital spending should rise to about \$300m in 1980 from \$205.7m in 1979. Most of the increase is attributed to the equipment needs of Transamerica Interway, the company's transportation equipment

leasing subsidiary. Mr. Beckett said the group was "holding up nicely in this recession, especially compared with the 1974-75 recession, when net income fell sharply. We got caught with too much flexible 'horror'." Mr. Beckett said, "Transamerica has taken pains to avoid."

The company is increasingly relying on fixed-rate debt having sold \$50m in debentures earlier this year and is planning a \$75m note sale by its finance subsidiary this month.

The only areas to seriously feel the recession are Transamerica's title insurance and transportation-equipment leasing businesses. Title insurance net income in the first half

plunged to \$550,000 from \$5.5m last year. While the chairman believes the real estate market has bottomed out, he said earnings from title insurance would be negligible for the year as a whole. "It's going to be a long slow stagger up," he said.

Transamerica Interway, which was acquired last July was a disappointment in the first half, netting only \$1.5m compared in \$9.1m in the second half of last year—its first half as a Transamerica unit. Transamerica does not plan any big acquisitions this year, but it is soon to announce a \$8m acquisition by Transamerica Delaval, the company's manufacturing subsidiary.

AMERICAN QUARTERLIES

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 715.6m |
| Net profits | 123.5m |
| Net per share | 1.22 |
| Six months | 1980 |
| Revenue | 1,425m |
| Net profits | 272.6m |
| Net per share | 2.84 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 129.8m |
| Net profits | 13.4m |
| Net per share | 0.66 |
| Six months | 1980 |
| Revenue | 273.7m |
| Net profits | 28.11m |
| Net per share | 1.38 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 501.8m |
| Net profits | 33.3m |
| Net per share | 0.61 |
| Six months | 1980 |
| Revenue | 1,045m |
| Net profits | 77.2m |
| Net per share | 1.42 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 225.3m |
| Net profits | 35.89m |
| Net per share | 1.10 |
| Six months | 1980 |
| Revenue | 448.6m |
| Net profits | 94.66m |
| Net per share | 2.91 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 386.8m |
| Net profits | 13.52m |
| Net per share | 1.00 |
| Six months | 1980 |
| Revenue | 715.1m |
| Net profits | 24.38m |
| Net per share | 0.85 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 171.6m |
| Net profits | 10.7m |
| Net per share | 0.94 |
| Six months | 1980 |
| Revenue | 351.0m |
| Net profits | 23.5m |
| Net per share | 1.25 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 304.1m |
| Net profits | 40.52m |
| Net per share | 1.13 |
| Six months | 1980 |
| Revenue | 581.5m |
| Net profits | 67.67m |
| Net per share | 1.88 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 12.0m |
| Net profits | 3.23m |
| Net per share | 0.46 |
| Six months | 1980 |
| Revenue | 46.0m |
| Net profits | 19.09m |
| Net per share | 2.73 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 232.2m |
| Net profits | 35.15m |
| Net per share | 1.02 |
| Six months | 1980 |
| Revenue | 464.0m |
| Net profits | 77.2m |
| Net per share | 2.24 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 401.1m |
| Net profits | 22.7m |
| Net per share | 1.04 |
| Six months | 1980 |
| Revenue | 780.7m |
| Net profits | 45.6m |
| Net per share | 2.20 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 734.5m |
| Net profits | 87.6m |
| Net per share | 0.79 |
| Six months | 1980 |
| Revenue | 1,456m |
| Net profits | 173.6m |
| Net per share | 1.68 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 187.5m |
| Net profits | 10.6m |
| Net per share | 0.76 |
| Six months | 1980 |
| Revenue | 367.8m |
| Net profits | 21.3m |
| Net per share | 1.45 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 75.7m |
| Net profits | 38.7m |
| Net per share | 1.21 |
| Six months | 1980 |
| Revenue | 155.5m |
| Net profits | 94.4m |
| Net per share | 2.88 |

| 1980 | 1979 |
|----------------|---------|
| Second quarter | 1980 |
| Revenue | 61.1m |
| Net profits | 54.26m |
| Net per share | 0.60 |
| Six months | 1980 |
| Revenue | 117.7m |
| Net profits | 114.33m |
| Net per share | 1.29 |

| 1980 | 1979 |
|----------------|--------|
| Second quarter | 1980 |
| Revenue | 521.7m |
| Net profits | 59.76m |
| Net per share | 1.54 |
| Six months | 1980 |
| Revenue | 1,076m |
| Net profits | 77.8m |
| Net per share | 2.01 |

| EXASGULF | | |
|-------------------|--------|--------|
| | 1980 | 1979 |
| Second quarter | \$ | \$ |
| Revenue | 240.6m | 203.3m |
| Net profits | 59.14m | 32.29m |
| Net per share | 1.75 | 0.96 |
| Six months | | |

FOREIGN BANKS IN GERMANY

Midland decides to dive in against the tide

BY NICHOLAS COLCHESTER AND KEVIN DONE

ALTHOUGH dwarfed in size by the decision to buy a large stake in Crocker National Bank in California, the Midland Bank's simultaneous move to buy 60 per cent of the German private bank, Trikont, and Burkhardt, is a sizeable deal in its own right. For between \$40m and \$50m (\$11.6m), Midland is doing the German equivalent of buying one of the City of London's larger merchant banks.

Germany is virgin territory for Midland and tough too. The clearing banks have branches there already and two of them also have participations in small banks. Feeling that Germany is a market it has to penetrate in its related campaign to spread itself abroad, Midland has toyed with branch banking. But, observing its rivals, it has found it hard to work up much enthusiasm.

"I just don't believe that foreign bank branches are profitable in Germany," says Mr. Bruce Smith, one of Midland's general managers. "It's very difficult to get at German corporate customers. Trikont has a number of

advantages as an alternative. It is one of the largest German private banks with a balance sheet total of DM 3.26bn and it has long established contacts with major West German companies. It is also well placed in the German securities and investment management business. The former is particularly difficult for the newcomer to penetrate because both government and companies raise capital via fixed banking syndicates whose slice of the action is jealously guarded.

Regional bias

Its disadvantages for Midland are that it has a regional bias towards the Ruhr within Germany, and that it must perform well as an independent entity within the Midland Group for some time.

It is at least partly because Trikont has a proud and independent identity that Citibank felt inclined to sell its controlling holding to Midland. Citibank acquired a 15 per cent stake in the bank shortly after Trikont's of Düsseldorf and

Burkhardt of Essen merged in 1972. The deal was initially designed to give Trikont a window on international banking.

But the middle seventies, in the aftermath of the Herstatt crisis, were tough times for small German banks and Trikont was anyway recovering from a disastrous involvement in the Bankkreditbank which collapsed in 1973. Citibank provided additional capital and raised its stakes in Trikont to 51 per cent.

The lasting benefit to Citibank of this increasing involvement was that it acquired from Trikont control of Kundenkreditbank, a well established German consumer finance operation. But the rest of Trikont lay rather uneasily alongside Citibank AG, through whose six German offices Citibank had painstakingly built up a corporate banking business in its own right. Citibank will continue to own Kundenkreditbank when it has passed Trikont on to Midland.

Although there is more logic in investment in Trikont for Midland than for Citibank the

British bank has made its move at a moment when most foreign institutions in Germany are starting to ask—at least in private—how best they can cut their costs.

Steady stream

Ever since the late 1950s foreign banks have been steadily streaming into West Germany, either setting up their own branches or taking over small German institutions. By the end of 1979 a total of 88 foreign banks had set up branches in the Federal Republic, compared with only 15 in 1957. In addition there are at least 15 German banks, where a majority stake is in the hands of foreign institutions.

This surge of activity—led in the 1950s by the big U.S. banks and followed more recently by most major banks in Western Europe, Japan and elsewhere—has hardly brought joy to their foreign owners. "It's a damned

hard market," one leading U.S. banker said here yesterday. "Most banks are looking around to see how they can cut their costs."

The Toronto Dominion Bank of Canada chose last year to cut its branch down to only a representative office in Frankfurt. There are rumours that some other North American banks could soon follow this pattern and even the big U.S. banks have started to centralise their operations in Frankfurt.

Morgan Guaranty closed its branch in Munich three weeks ago as part of a rationalisation of its German operations. In addition to its Frankfurt head office it still maintains a branch in Düsseldorf with a team of six bankers, but the book-keeping has been brought back to Frankfurt.

Citibank has also centralised its operations in Frankfurt, although it has left market and contacts with major corporate clients to be dealt with through its other five branch offices in Hamburg, Düsseldorf, Munich and Berlin.

According to Herr Wilfried Scheele, a member of the Board

of Citibank's German subsidiary: "Many banks are thinking 'What can we do with our German activities?' For many it is a matter of prestige to be represented in one of the world's biggest trading countries. But for that privilege many must accept very small returns."

Difficult access

The foreign banks face the problem that they are competing in the hardest parts of the market and do not have access to the long-term funds represented by savings accounts or their own bond issues. In addition they find it very difficult to get access to the lending consortia of big German companies, which are dominated by the home banks.

Despite the lack of returns most foreign banks would find it impossible to give up their presence in Germany and there are still some major international banks—Credit Agricole of France, for instance—that must consider themselves under-represented in the Federal Republic.

Continental-Gummi plans dividend after eight-year lapse

BY OUR FINANCIAL STAFF

CONTINENTAL Gummiwerke, West Germany's largest tyre group, hopes shortly to make some response to shareholders for a lack of dividends over the past eight years.

At yesterday's annual meeting in Haarlem, Herr Alfred Herrhausen, supervisory board chairman, said that he had well-founded optimism for expecting a dividend to be paid from the results for the current year, 1980.

Earnings this year have continued to improve following a sharp recovery in 1979. Sales for the first six months of 1980 had risen by 10 per cent and profits had also shown gains, the meeting was told.

Last year Continental's recovery led to an advance in earnings from DM 3.8m to DM 10.9m (\$6.2m). Including the recently acquired European tyre division of Uniroyal of the U.S., group profits for 1979 were DM 23.1m on sales of DM 2.62bn.

Continental's plans for a return to dividends for this year—shareholders last received a payment in 1971—coincide with a period of intense acquisition activity.

Last year's purchase of the European operations of

Uniroyal cost \$42m. The deal added tyre plants in Germany, France, Belgium and the UK to the Conti-Gummi network.

A further attempt to boost market shares was undertaken earlier this year when Conti-Gummi acquired a controlling interest in the French tyre maker, Kleber Colomes. It paid around FF 97m to Michelin and interests close to the major French tyre group in return for nearly two-thirds of the Kleber capital.

Both Kleber and Conti-Gummi have been involved in the reorganisation of the European tyre industry in recent years. The French market, Conti-Gummi said yesterday, was the second largest and the fastest growing in Europe.

Conti-Gummi explained that during the first half of 1980 it had been able partly to offset the downturn in demand from the motor industry. The control of Kleber would lessen further the German company's dependence on the car trade.

However, the "strengthened" market position in tyres that was resulting from recent acquisitions would be fully "as a weapon in intensifying competition against American and Japanese rivals."

Sanyo increases forecast

BY OUR FINANCIAL STAFF

SANYO ELECTRIC COMPANY, the Japanese integrated manufacturer of electric appliances, has raised its forecast of net sales for the current financial year, to November 30, following an increase of 57.7 per cent to ¥10,200m (\$47m) in the first half of the year on sales up 21.1 per cent to ¥3,290m (\$13.5bn).

The company now forecasts after-tax profits of about ¥21bn against an original figure of ¥20bn. The sales forecast has been revised upwards to ¥6,850m from ¥6,700m. This compares with an after-tax profit of ¥15.13bn reported for the past business year ended last November 30, on sales of ¥5,840.6bn.

The upward revisions follow a larger than expected export rise in the first half of the current business year on the

yen's depreciation against the U.S. dollar.

First half exports rose 40.5 per cent from a year earlier to ¥15.3bn. The company had an exchange profit of ¥1.5bn in the first half, compared with only ¥8m a year earlier.

Export sales in the second half year are expected to increase steadily, though with the growth rate slowing in reflection of the more recent yen recovery.

Electronic appliance sales are expected to rise about 30 per cent, those of electric home appliances up 12 per cent and of home heating equipment 64 per cent.

Capital outlay by the Sanyo business group this business year are planned to increase to about ¥70bn from the ¥50bn originally planned, to about twice last year's figure.

Bonde Nielsen offers to give up Burmeister posts

BY HILARY BARNES IN COPENHAGEN

THE MAIN shareholder and managing director of the troubled Danish shipbuilding and engineering group, Burmeister and Wain, yesterday offered to disassociate himself entirely from the group as a condition for obtaining a Government export credit guarantee for the Copenhagen shipyard.

Mr. Jao Bonde Nielsen has asked three insurance companies to take over his voting rights in Gredana, the company which holds his shares in B and W, and in his personal holding company, Egetofte, which holds his share majority in Gredana.

At the same time, he said he would resign all his posts to these companies and B and W, though he offered to make his services available to B and W on the board so wished.

B and W has put forward a scheme to establish a new company to run the shipyard, which would have a capital of about DKK 112m (\$20m) and total assets of about DKK 255m.

The yard has on order five bulk carriers and letters of intent for another two, although the management fears that the Government's tardiness over the guarantee will lose it the two latter orders. If the Government refuses the credit guarantee, it is now regarded as a near certainty that the shipyard will have to close forthwith.

In November Mr. Bonde Nielsen was the subject of an investigation charge of fraud concerning transactions in a company founded by him in the 1960s.

Burmeister has been trying to negotiate an export credit guarantee from the Danish Government for some time. The company's search for solutions to its cash-flow difficulties met with some success earlier this month when the West German steel group, Thyssen, provided Burmeister with a two-year grace period on the repayment of debts totalling DKK 70m.

Expansion by Phillips Petroleum

By Sue Cameron

THE U.S.-based Phillips Petroleum is to invest \$70m in a major expansion of its European plastics interests.

A 60,000 tonnes a year high density polyethylene (HDPE) plant is to be built at Tarragona in Spain by Calatrava, a company in which Phillips has a 50 per cent interest.

Another HDPE plant, at Antwerp in Belgium, in which Phillips also has a 50 per cent interest, is to be modernised to increase its annual production capacity to 150,000 tonnes.

Agusta sales move

Società Costruzioni Aeronautiche Giovanni Agusta, the Italian helicopter company, has set up a subsidiary, Agusta Aviation Corporation, in Wilmington, Delaware, to expand marketing of its Agusta 109A twin turbine civil helicopter. Reuters reports from Gallarate, Italy.

Profits setback for SNECMA

BY TERRY DODSWORTH IN PARIS

SNECMA, the French state-owned aero-engine company, registered a big increase in orders last year, but suffered a significant fall in pre-tax profits from FF 105m to FF 89.3m (\$22.3m).

The figures indicate that the company suffered a decline in margins while maintaining volume sales at around the same level as last year. Turnover rose by 12 per cent, only a little more than the rate of French inflation, to almost FF 3bn.

The company is hoping that its performance will begin to improve again in the early 1980s as it begins to benefit from its policy of developing new products for the civil airline industry, notably in conjunction with General Electric of the U.S.

One of the factors in the stagnation of sales last year was a levelling off in orders from the French Government for military equipment. This combined with a slight fall in exports to undermine the results.

but SNECMA believes that export orders will now begin to improve.

The basis of the company's confidence is a 51 per cent increase in orders compared with the same period in 1978 to a total of FF 4.7bn. A considerable proportion of these new contracts has come through the group's collaboration with General Electric on the new CFM 56 engine of eight to 10 tonnes thrust, a unit which several airlines want to re-equip their long-range Douglas DC 8s.

There are also hopes that the CFM 56 will win an order from the U.S. Air Force, but SNECMA's overall objective is to move to a better balance between civil and military markets in its export sales. At present, its Atar 101 military units generate the main part of its overseas turnover, with civil sales accounting for only about 4 per cent of the total. SNECMA is aiming to lift the civil component to about 40 per cent within the next five years.

L80bn ENI refinery project

ROME—Italy's state energy group, ENI, is to invest L80bn (\$96m) to upgrade the Taranto refinery of its Industria Italiana Petroli (IIP) unit through contracts recently awarded to Saime Progetti, another ENI unit.

The contracts provide for the refinery to upgrade its product lines and to produce desulphurised gasoil and petrol.

The plans include construction of a 45,000-barrel-a-day "cracking" facility, the largest in Italy, as well as construction of a hydrogen plant and a desulphurisation plant. The latter will be able totally to recoup the sulphur extracted from the refined products. The project is expected to be completed within 26 months. AP-DJ

NEW ISSUE



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JULY 1980



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| Banque de l'Indochine et de l'Extrême Orient | Banque Internationale à Luxembourg S.A. | Banque Nationale de Paris | Banque de Neufville, Schlumberger, Mallet | |
| Banque Privée de Gestion Financière | Banque de l'Union Européenne | Banque Worms | Barings International Group | Barings Brothers & Co. Limited |
| Bayerische Hypothek- und Wechsel-Bank | Bayerische Landesbank Girozentrale | Berliner Handels- und Bankverein | B.S.I. Underwriters Limited | |
| Chase Manhattan Limited | Chemical Bank International Group | CIBC Limited | Commerzbank Aktiengesellschaft | Continental Illinois Limited |
| Copenhagen Handelsbank | County Bank Limited | Creditanstalt-Bankverein | Credit Commercial de France | Credit Lyonnais |
| Credit du Nord | Dai-ichi Kangyo International Limited | Daiwa Europe N.V. | Delbrück & Co. | Den Danske Bank A/S |
| Deutsche Girozentrale | DG Bank | Dillon, Read Overseas Corporation | Dresdner Bank Aktiengesellschaft | Dresdner Bank Aktiengesellschaft |
| Effektenbank-Warburg | Europäische Bank | Robert Fleming & Co. Limited | Fuji International Finance Limited | Genossenschaftliche Zentralbank AG |
| Anthony Gibbs Holdings Ltd. | Girozentrale und Bank der Österreichischen Sparkassen | Goldman Sachs International Corp. | Hessische Landesbank | |
| Hill Samuel & Co. Limited | IBJ International Limited | Istituto Bancario San Paolo di Torino | Nieder, Peabody International | |
| Kleinwort, Benson Limited | Kuhn Loeb Lehman Brothers International Inc. | Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) | Lazard Frères & Co. | Lloyds Bank International Limited |
| Kuwait International Investment Co. S.A.K. | Kuwait Investment Company (S.A.K.) | Lazard Frères & Co. | Lloyds Bank International Limited | |
| LTCB International Limited | McLeod Young Weir International Limited | Manufacturers Hanover Limited | Merck, Finck & Co. | Mitsubishi Bank (Europe) S.A. |
| Mitsui Finance Europe Limited | Samuel Montagu & Co. Limited | Morgan Guaranty Ltd. | Nederlandsche Credietbank nv | |
| The Nikko Securities Co. (Europe) Ltd. | Nippon Credit International (HK) Ltd. | Nippon European Bank S.A. | Nomura Europe N.V. | |
| Norddeutsche Landesbank | Norddeutsche Bank Zürich | Nordic Bank Limited | Sal. Oppenheim jr. & Co. | Olympia Bank Limited |
| PKBankers Investments Limited | Postbank | Privatbanken A/S | Rothschild Bank AG | N.M. Rothschild & Sons Limited |
| The Royal Bank of Canada (London) Limited | Salomon Brothers International | Sauwa Bank (Underwriters) Limited | Scandinaviska Bank Limited | |
| Schneider, Münchmeyer, Hengst & Co. | J. Henry Schroder Wagg & Co. Limited | Skandinaviska Enskilda Banken | Shipbank | Serway, Turnbull & Co. |
| Smith Barney, Harris Upham & Co. | Société Générale | Société Générale de Banque S.A. | Sparbankers Bank | Schwartz, Turnbull & Co. |
| Sumitomo Finance International | Svenska Handelsbanken | Swiss Bank Corporation | Trade Development Bank | Union Bank of Finland Ltd. |
| Union Bank of Norway Ltd. | Union Bank of Switzerland (Securities) | Vereinfund Westbank | M.M. Warburg-Brockmann, Wirtz & Co. | |
| S.G. Warburg & Co. Ltd. | Westdeutsche Landesbank | Dean Witter Reynolds International | Yamaichi International (Europe) Limited | |

INTERNATIONAL COMPANIES and FINANCE

Sappi increases first-half pre-tax income by 80%

BY JIM JONES IN JOHANNESBURG

SAPPI, South Africa's largest papermaker, increased its pre-tax profit by 80 per cent to R22.6m (\$28.5m) in the six months to June 30, from R12.5m a year earlier. Turnover was 39 per cent ahead at R163.3m against R117.5m. This compares with operating profit of R37.7m and turnover of R261.6m for the whole of 1979.

The improved profit arose in part from consolidation for a full six months' operation of the Stanger mill, acquired last year from Reed International, compared with one month in the first half of 1979.

Although Mr. Ted Pavitt, the chairman, warned shareholders

against expecting proportionately as large a growth rate in the second half, he said a material improvement should be reported. Local and export sales remained strong and operating margins have been enhanced by better plant utilisation and operations at the previously troubled Enstra papermill.

Although prospects look good overall, some near-term problems could affect second-half operations. In Natal a severe drought has resulted in water shortages which threaten to cause intermittent stoppages at the Stanger pulp mill. Mr. Pavitt, however, does not think

the stoppages will have a material effect on earnings. He points out that the Tugela pulp mill which is also in Natal is not affected by drought.

An interim dividend of 15 cents against 10 cents a year earlier has been declared from first-half earnings per share of 66.5 cents (36.5 cents in 1979). Sappi has decided to increase dividend cover to three times. However, the company does not expect this year's total dividend to be less than 45 cents. In 1979 Sappi earned 89.2 cents a share and declared a total dividend of 36 cents. In Johannesburg, Sappi shares are currently trading at 840 cents.

Cheung Kong to delay report

By Rodney Hobson in Hong Kong

CHEUNG KONG HOLDINGS, the real estate company, is delaying the announcement of interim profit and dividend figures as a result of the acquisitions in two companies, one of them Hutchison Whampoa. Normally, first-half results are announced in July, but this year's figures are to be published on September 5 after similar announcements by Hutchison Whampoa and Green Island Cement, so that a proportion of their profits can be incorporated in the Cheung Kong results.

Group results for Teijin show sharp rise in earnings

BY OUR FINANCIAL STAFF

TEIJIN, JAPAN's largest manufacturer of polyester, raised its consolidated net profits by 168 per cent in the year to March 31, to Y10.25bn (\$47m), from Y3.82bn in 1978-79, on sales increased by 17.6 per cent to Y389.23bn (\$1.8bn), from Y331.09bn.

The textile manufacturer in May announced a trebling in its net profit on a parent company basis of Y7.2bn, from Y2.23bn, against a background of anti-recession measures in Japan and more profitable exports, with the fall in the value of the yen in the foreign exchange market.

A sharp rise in profits on a consolidated basis is also reported by Asahi Chemical Industries, another synthetic fibre maker. Asahi increased its consolidated net profits by 168 per cent to Y24.16bn (\$110.8m)

in the 12 months to March 31, from Y9.18bn in 1978-79. The Asahi parent earlier reported a 27.6 per cent gain in net earnings to Y11.81bn, on sales up 27.7 per cent to Y541.9bn. The company's consolidated sales showed a gain of 28.2 per cent to Y711.3bn (\$3.3bn).

NIPPON LIGHT METAL, the aluminium smelter, has announced consolidated net profits of Y9.71bn (\$44.5m) for the year to March 31, or more than 18 times the Y713m of the previous year.

The company, associated with Aisan Aluminium, has been engaged in a reconstruction of its business in recent years, after enduring losses for some time. Consolidated sales last year rose by 34.1 per cent to Y331.72bn (\$1.5bn).

Carrian group reshuffles Gammon House holding

BY OUR HONG KONG CORRESPONDENT

GAMMON HOUSE, an office block in the Central district of Hong Kong that was sold for just under HK\$ 10m (U.S.\$ 200m) in January, has changed hands again for HK\$1 in a transaction within the Carrian group.

The property is the sole asset of Extrawin, a company which is 75 per cent owned by Carrian and 25 per cent by Inland Realty. Extrawin bought Gammon House from Hong Kong Land, with Carrian and Inland Realty taking a shareholding in proportion to the funds they raised.

Carrian's stake in Extrawin, together with its share of the debt of HK\$ 998m plus taxes associated with the purchase, is to be transferred to Mal Hon Enterprises, a 75 per cent owned subsidiary of Carrian.

Carrian said last week that it had received offers of up to HK\$ 1.68bn for the property, but that it felt further offers could take the price to HK\$ 1.7bn.

Mal Hon said that funds had been arranged through the Carrian group for "as long as may be required." No period for repayment has been

arranged, but Extrawin's debt to Carrian will attract interest of about 2 per cent over the Hong Kong prime lending rate.

Mal Hon announced after-tax profits for the year to March 31 of HK\$ 10.5m, well down from the previous year's HK\$ 31.5m. But extraordinary profit was boosted by the sale of properties to HK\$ 310.8m from HK\$ 4.9m.

The final dividend is 21 HK cents making a total of 28 cents. Last year's figures were 6 cents and 12, respectively. A bonus issue on a three-for-five basis is to be made.

The directors propose to change the name of Mal Hon to Carrian Investments and hope, to maintain the dividend for the nine months to December. The change in the accounting period will bring the company into line with others in the Carrian group. Hong Kong Land and Carrian said final payment has been made by Carrian for the balance of the sale price of Gammon House.

Hong Kong Land will continue to be responsible for the management of the building on behalf of Carrian, the companies said.

Kuwait awards contract for new stock exchange

KUWAIT — The Kuwait Ministry of Commerce and Industry has signed a 10.5m Kuwaiti dinar (\$60m) contract, with a local company to build a new Kuwait Stock Exchange.

Construction of the nine-storey, marble-faced building will begin in two months and will take about two and a-half years, the agent, Kuwait Foreign Trading, Contracting and Investment Company, said.

The new exchange to be built by the Al-Hafar Construction Company, will include a 1,000 square metre, three-storey-high trading floor. A balcony above the floor will house offices for 68 brokers.

The Kuwait Stock Exchange, which ranks eighth in the world based on value of turnover, began operating at its present site three years ago in the former storage basement of a row of shops.

There are now 16 brokers, and the new exchange is designed to allow for expansion. The shares of 39 companies are listed on the exchange, but trading is restricted to Kuwaiti nationals. Reuter

BASE LENDING RATES

| | | | |
|--------------------------------------|---------|-------------------------|---------|
| A.B.N. Bank | 16% | Hambros Bank | 16% |
| Allied Irish Bank | 16% | Hill Samuel | 16% |
| American Express Bk. | 16% | Hoare & Co. | 16% |
| Amro Bank | 16% | Hongkong & Shanghai | 16% |
| Henry Ansbacher | 16% | Industrial Bk. of Scot. | 17 1/2% |
| A.P. Bank Ltd. | 16% | Keyser Ullmann | 16% |
| Arbuthnot Latham | 16% | Knowles & Co. Ltd. | 16% |
| Associates Cap. Corp. | 16% | Langris Trust Ltd. | 16% |
| Banco de Bilbao | 16% | Lloyds Bank | 16% |
| Bank of Credit & Comm. | 16% | Edward Bank | 16% |
| Bank of Cyprus | 16% | Midland Bank | 16% |
| Bank of N.S.W. | 16% | Samuel Montagu | 16% |
| Banque Belge Ltd. | 16% | Morgan Grenfell | 16% |
| Banque du Rhone et de la Tamise S.A. | 16 1/2% | National Westminster | 16% |
| Barclays Bank | 16 1/2% | Norwich General Trust | 16% |
| Bremer Holdings Ltd. | 17% | P. S. Refson & Co. | 16% |
| Brit. Bank of Mid. East | 16% | Rossmore | 16% |
| Bank of Sibley | 16% | Ryl. Bk. Canada (Ldn.) | 16% |
| Canada Perm't Trust | 17% | Schlesinger Limited | 16% |
| Cayzer Ltd. | 16% | E. S. Schwab | 16% |
| Cedar Holdings | 17% | Security Trust Co. Ltd. | 17% |
| Charterhouse Japhet | 16% | Standard Chartered | 16% |
| Choulatons | 17% | Trade Dev. Bank | 16% |
| C. E. Coates | 16% | Trustee Savings Bank | 16% |
| Consolidated Credits | 17% | Twentieth Century Bk. | 16% |
| Co-operative Bank | 16% | United Bank of Kuwait | 16% |
| Corinthian Secs. | 16% | Whiteaway Laidlaw | 16 1/2% |
| The Cyprus Popular Bk. | 16% | Williams & Glyn's | 16% |
| Duncan Lawrie | 16% | Yorkshire Bank | 16% |
| Eagil Trust | 16% | | |
| E. T. Trust Limited | 17% | | |
| First Nat. Fin. Corp. | 19 1/2% | | |
| First Nat. Secs. Ltd. | 19% | | |
| Robert Fraser | 16% | | |
| Antony Gibbs | 16% | | |
| Greyhound Guaranty | 16% | | |
| Grindlays Bank | 16% | | |
| Guinness Mahon | 16% | | |

Weekly net asset value on July 14 1980

Tokyo Pacific Holdings N.V.
U.S. \$81.82

Tokyo Pacific Holdings (Seaboard) N.V.
U.S. \$59.60

Listed on the Amsterdam Stock Exchange

Information: Plazaco, Holdings & Plazaco N.V., Herengracht 214, Amsterdam

VIOHALCO

Group of Companies

ATHENS - GREECE

The Annual General Meeting of the Holding Company VIOHALCO S.A. was held in Athens on June 30, 1980 and those of the major industrial companies in which it holds a direct or indirect interest took place between June 26 and June 28, 1980. Through these companies the VIOHALCO Group maintains a close financial and technical co-operation with the Groups of BRUXELLES LAMBERT (Belgium), PHELPS-DODGE (USA), SIEMENS (Germany) and PECHINEY-UGINE-KUHLMANN (PUK) of France.

VIOHALCO S.A.

The Company's revenues from the dividends and other profits of the companies in which it holds an interest amounted to Dr281.7m compared to Dr380.2m in 1978. In addition, revenues from other business amounted to Dr13.2m making a total of Dr294.9m compared with Dr380m in 1978.

Net profit, after deduction of dividend taxes, amounted to Dr178,666,035 compared to Dr221,601,873 in 1978. The total amount for distribution, including Dr52,238,850 net of taxes transferred from the reserves and last year's small balance, was Dr231,026,670. Of this, Dr230,743,138 were distributed as a gross dividend of Dr614 per share compared with Dr573 per share last year.

VIEM METAL WORKS S.A.

Following the closing down of the sheet-iron branch the Company's activity was limited exclusively to the manufacture of copper and bronze products. Sales of these products rose by 34% in value compared to 1978. Improved conditions on the world market and a more intensive effort by the Company's export department resulted in total exports valued at \$11,726,000 f.o.b. compared with \$8,904,000 last year, representing an increase of 22%.

Investments amounted to about Dr58 million and were spent mainly for increasing the productive capacity of the rolling and foundry equipment.

Net profit, after deduction of dividend taxes, amounted to Dr54,516,003 which, together with last year's small balance, made a total of Dr54,618,817 of which Dr4,800,000 were allocated to the ordinary reserve and the balance for a gross dividend of Dr357 per share compared to Dr318 per share last year.

HELLENIC CABLES S.A.

The increased demand for cables both at home and abroad continued in 1979 resulting in a rise of 27% in total sales.

Exports amounted to \$13,763,000 in f.o.b. prices compared with \$8,670,000 in 1978, representing an increase of about 55%.

Investments, amounted to Dr33m spent on various auxiliary and complementary installations.

Net profit, less taxes, amounted to Dr33,584,400 compared to Dr18,397,110 in 1978. The total amount for distribution, with the addition of last year's small balance, was Dr33,796,200 of which Dr3,100,000 were allocated to the ordinary reserve and the rest for a gross dividend of Dr338 per share compared to Dr318 per share in 1978.

ALUMINIUM OF ATHENS S.A.

The Company's total sales in 1979 marked an increase of 32% in value and 6% in quantity while exports amounted to \$5,317,000 compared with \$5,227,500 in 1978, representing an increase of about 42% in value and about 27% in quantity.

Investments amounted to Dr18m for the addition of auxiliary and complementary installations.

Net profit for distribution, after deduction of dividend taxes and the addition of last year's small balance, amounted to Dr32,911,218 of which Dr3,300,000 were allocated to the ordinary reserve and the rest for a gross dividend of Dr915 per share compared to Dr805 per share last year.

ELYAL S.A.

Total sales in 1979 increased by 32% in value and 4% in quantity while exports, in f.o.b. prices, amounted to \$29,316,000 compared to \$22,865,000 in 1978, representing an increase of about 28%.

Investments amounted to Dr114m consisting of various improvements, additions and extensions to existing plant, machinery and installations.

Meanwhile, the Company has embarked on a Dr300m expansion programme for the production of aluminium foil and similar products. Dr180m have been earmarked for this project in 1980.

Net profit, including last year's small balance and after deduction of dividend taxes, amounted to Dr48,407,090 of which Dr4,050,000 were allocated to the ordinary reserve and Dr7,769,000 to a special reserve and the rest for a gross dividend of Dr350 per share compared with Dr74 per share in 1978.

SIDENOR S.A.

Following the completion of improvement and expansion works to the Company's Salónica plant, production in 1979 rose by 23% and included a higher proportion of technologically advanced products.

Total sales rose by 37% in value and 31% in volume while exports amounted to \$10,139,000 in f.o.b. prices compared with \$8,136,000 in 1978, representing an increase of about 24%.

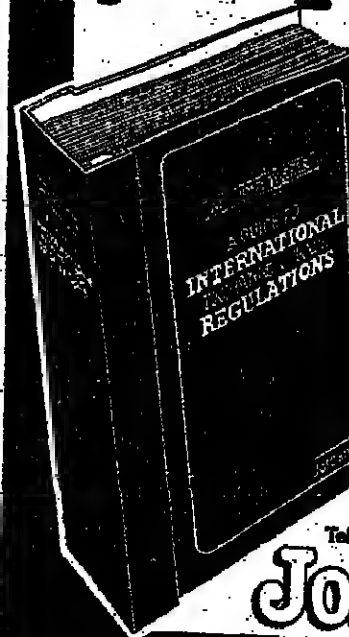
Investments amounted to Dr115m consisting of improvements and extensions to the Salónica melting installations and the acquisition of a modern waste-treatment plant costing about Dr30m.

Net profit for distribution, after the deduction of dividend taxes, amounted to Dr147,351,739, including last year's small balance. Of this total, Dr12,160,000 were allocated to the ordinary reserve and the rest for a gross dividend of Dr1,054 per share compared to Dr847 per share in 1978.

BOARD OF DIRECTORS OF VIOHALCO S.A.

President: Mrs. Stassinopoulou, widow of M. Stassinopoulos; Vice-President: Mr. Nicholas M. Stassinopoulos; Directors: Messrs. Evangelos M. Stassinopoulos, Charalampos Tsolinas, Evangelos Karambetos, Willy Faulx, Leopold Blampain.

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Jordans

VONTobel EUROBOND INDICES

| PRICE INDEX | 5.7.80 | 15.7.80 | AVERAGE YIELD | 5.7.80 | 15.7.80 |
|-------------------|--------|---------|-------------------|--------|---------|
| DM Bonds | 98.35 | 98.72 | DM Bonds | 8.28% | 8.28% |
| FF Bonds & Notes | 93.95 | 94.76 | FF Bonds & Notes | 8.28% | 8.28% |
| U.S. & Str. Bonds | 91.41 | 92.52 | U.S. & Str. Bonds | 10.62% | 10.62% |
| Can. Dollar Bonds | 92.18 | 94.18 | Can. Dollar Bonds | 11.27% | 11.27% |

All of these Securities have been sold. This announcement appears as a matter of record only.

1,250,000 Shares

Bankers Trust New York Corporation

Common Stock

(\$10 par value)

MORGAN STANLEY & CO.

Incorporated

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

Merrill Lynch, Pierce, Fenner & Smith Incorporated

LEHMAN BROTHERS Kuhn Loeb

Incorporated

THE FIRST BOSTON CORPORATION

ATLANTIC CAPITAL

Corporation

BACHE HALSEY STUART SHIELDS

Incorporated

BASLE SECURITIES CORPORATION

BEAR, STEARNS & CO.

BLYTH EASTMAN PAINE WEBBER

Incorporated

DILLON, READ & CO. INC.

DONALDSON, LUFKIN & JENRETTE

DREXEL BURNHAM LAMBERT

Incorporated

GOLDMAN, SACHS & CO.

E. F. HUTTON & COMPANY INC.

KEEFE, BRUYETTE & WOODS, INC.

Incorporated

KIDDER, PEABODY & CO.

Incorporated

LAZARD FRERES & CO.

L. F. ROTHSCHILD, UNTERBERG, TOWBIN

Incorporated

SALOMON BROTHERS

SHEARSON LOEB RHOADES INC.

Incorporated

SMITH BARNEY, HARRIS UPHAM & CO.

Incorporated

UBS SECURITIES, INC.

WARBURG PARIBAS BECKER

Incorporated

WERTHEIM & CO., INC.

DEAN WITTER REYNOLDS INC.

ABD SECURITIES CORPORATION

Incorporated

BANQUE NATIONALE DE PARIS

CREDIT COMMERCIAL DE FRANCE

Incorporated

DAIWA SECURITIES AMERICA INC.

ROBERT FLEMING

Incorporated

HUDSON SECURITIES, INC.

MORGAN GRENFELL & CO.

NEW COURT SECURITIES CORPORATION

Incorporated

THE NIKKO SECURITIES CO.

International, Inc.

NOMURA SECURITIES INTERNATIONAL, INC.

Incorporated

SKANDINAVISKA ENSKILDA BANKEN

SOCIETE GENERALE DE BANQUE S.A.

Incorporated

WESTDEUTSCHE LANDESBANK

GIROCENTRALE

YAMAICHI INTERNATIONAL (AMERICA), INC.

Incorporated

BANQUE DE L'INDOCHINE ET DE SUEZ

CREDITANSTALT-BANKVEREIN

Incorporated

VEREINS-UND WESTBANK

Aktiengesellschaft

PICTET INTERNATIONAL

July 9, 1980

This announcement appears as a matter of record only.

\$50,000,000

Twentieth Century-Fox Film Corporation

13.25% Subordinated Debentures due 2000

Lehman Brothers Kuhn Loeb

Incorporated

Bache Halsey Stuart Shields

Incorporated

The First Boston Corporation

Bear, Stearns & Co.

Blyth Eastman Paine Webber

Incorporated

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Drexel Burnham Lambert

Incorporated

Goldman, Sachs & Co.

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Incorporated

Lazard Freres & Co.

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

L. F. Rothschild, Unterberg, Towbin

Salomon Brothers

Incorporated

Shearson Loeb Rhoades Inc.

Smith Barney, Harris Upham & Co.

Warburg Paribas Becker

A.G. Becker

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

Incorporated

New Court Securities Corporation

July 10, 1980

هكذا من الأفضل

Dollar weaker

The dollar lost ground against most currencies yesterday in a generally quiet and featureless trading. It finished around 1.7485 against the D-mark, compared with DM 1.7475 on Tuesday and DM 1.7465 against the Swiss franc. It was also weaker against the Japanese yen, finishing at ¥218.75 from ¥219.35. The U.S. unit may have been influenced by a weaker trend in the dollar rate with the latter falling by up to 1/4 of a point in the morning. On the London market, the dollar's trade-weighted index fell to 88.0 from 88.2.

Sterling was slightly weaker overall, and its trade-weighted index, measured by the Bank of England, fell to 164.0 from 164.2. The pound's trade-weighted index fell to 164.0 from 164.2. The pound's trade-weighted index fell to 164.0 from 164.2.

THE POUND SPOT AND FORWARD

| July 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|--------------|---------------|---------------|------------------|--------------|--------------|--------|
| U.S. | 2.3880-2.3785 | 2.3785-2.3785 | 1.57-1.47 pm | 7.88 | 3.78-3.58 pm | 8.28 |
| Canada | 2.7280-2.7280 | 2.7280-2.7280 | 1.32-1.22 pm | 6.88 | 2.33-2.33 pm | 6.88 |
| Switzerland | 4.51-4.54 | 4.52-4.52 | 2.17-2.17 pm | 6.88 | 3.78-3.58 pm | 8.28 |
| France | 16.30-16.30 | 16.30-16.30 | 1.76-1.76 pm | 6.88 | 2.33-2.33 pm | 6.88 |
| Italy | 12.78-12.82 | 12.80-12.81 | 1.42-1.42 pm | 6.88 | 2.33-2.33 pm | 6.88 |
| Spain | 1.1025-1.1075 | 1.1035-1.1040 | 0.02 pm-0.02 dia | 0.19-0.10 pm | 0.47 | |
| Portugal | 4.13-4.18 | 4.13-4.14 | 3-2 pm | 7.28 | 7.4 | 6.28 |
| Belgium | 116.30-116.30 | 116.30-116.30 | 56 pm-25 dia | 1.04 | 20 pm-25 dia | 1.12 |
| Denmark | 16.70-16.70 | 16.70-16.70 | 65-125 dia | 3.22 | 200-270 dia | 3.22 |
| Norway | 1.570-1.573 | 1.570-1.571 | 4-10 dia | 3.04 | 20-30 dia | 3.04 |
| Sweden | 11.40-11.43 | 11.40-11.42 | 8-10 dia | 7.21 | 10-15 pm | 6.17 |
| Finland | 9.80-9.85 | 9.81-9.82 | 3-2 pm | 4.05 | 10-15 pm | 6.17 |
| Austria | 9.71-9.88 | 9.71-9.78 | 11-12 dia | 3.07 | 3-2 pm | 2.43 |
| Japan | 671-622 | 518-519 | 1.35-1.50 pm | 3.87 | 4.10-3.75 pm | 3.02 |
| South Africa | 23.32-23.50 | 23.32-23.32 | 1.15-1.10 pm | 6.31 | 35-30 pm | 4.43 |
| Switzerland | 3.80-3.84 | 3.80-3.81 | 4-2 pm | 11.02 | 10-15 pm | 10.37 |

THE DOLLAR SPOT AND FORWARD

| July 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|--------------|---------------|---------------|------------------|--------------|--------------|--------|
| U.S. | 2.3880-2.3785 | 2.3785-2.3785 | 1.57-1.47 pm | 7.88 | 3.78-3.58 pm | 8.28 |
| Canada | 2.7280-2.7280 | 2.7280-2.7280 | 1.32-1.22 pm | 6.88 | 2.33-2.33 pm | 6.88 |
| Switzerland | 4.51-4.54 | 4.52-4.52 | 2.17-2.17 pm | 6.88 | 3.78-3.58 pm | 8.28 |
| France | 16.30-16.30 | 16.30-16.30 | 1.76-1.76 pm | 6.88 | 2.33-2.33 pm | 6.88 |
| Italy | 12.78-12.82 | 12.80-12.81 | 1.42-1.42 pm | 6.88 | 2.33-2.33 pm | 6.88 |
| Spain | 1.1025-1.1075 | 1.1035-1.1040 | 0.02 pm-0.02 dia | 0.19-0.10 pm | 0.47 | |
| Portugal | 4.13-4.18 | 4.13-4.14 | 3-2 pm | 7.28 | 7.4 | 6.28 |
| Belgium | 116.30-116.30 | 116.30-116.30 | 56 pm-25 dia | 1.04 | 20 pm-25 dia | 1.12 |
| Denmark | 16.70-16.70 | 16.70-16.70 | 65-125 dia | 3.22 | 200-270 dia | 3.22 |
| Norway | 1.570-1.573 | 1.570-1.571 | 4-10 dia | 3.04 | 20-30 dia | 3.04 |
| Sweden | 11.40-11.43 | 11.40-11.42 | 8-10 dia | 7.21 | 10-15 pm | 6.17 |
| Finland | 9.80-9.85 | 9.81-9.82 | 3-2 pm | 4.05 | 10-15 pm | 6.17 |
| Austria | 9.71-9.88 | 9.71-9.78 | 11-12 dia | 3.07 | 3-2 pm | 2.43 |
| Japan | 671-622 | 518-519 | 1.35-1.50 pm | 3.87 | 4.10-3.75 pm | 3.02 |
| South Africa | 23.32-23.50 | 23.32-23.32 | 1.15-1.10 pm | 6.31 | 35-30 pm | 4.43 |
| Switzerland | 3.80-3.84 | 3.80-3.81 | 4-2 pm | 11.02 | 10-15 pm | 10.37 |

CURRENCY MOVEMENTS

| July 16 | Bank of England | Morgan Guaranty | Change |
|--------------------|-----------------|-----------------|--------|
| Sterling | 74.5 | -31.8 | |
| U.S. dollar | 85.0 | -10.5 | |
| Canadian dollar | 81.3 | -14.5 | |
| Swiss franc | 167.4 | -14.5 | |
| French franc | 116.3 | -14.5 | |
| Italian lira | 116.3 | -14.5 | |
| Spanish peseta | 167.4 | -14.5 | |
| Dutch guilder | 108.4 | -14.5 | |
| Japanese yen | 116.3 | -14.5 | |
| South African rand | 116.3 | -14.5 | |
| Swedish krona | 116.3 | -14.5 | |
| Portuguese escudo | 116.3 | -14.5 | |
| Belgian franc | 116.3 | -14.5 | |
| Danish krone | 116.3 | -14.5 | |
| Norwegian krone | 116.3 | -14.5 | |
| Finland markka | 116.3 | -14.5 | |
| Austrian schilling | 116.3 | -14.5 | |
| Yen | 116.3 | -14.5 | |

OTHER CURRENCIES

| July 16 | \$ | \$ | Note Rates | |
|--------------------|-----------------|---------------|------------------|-------|
| Argentina Peso | 4414-4434 | 1955-1976 | 26.20-26.50 | |
| Australia Dollar | 2.0400-2.0400 | 0.8500-0.8510 | 66.80-67.20 | |
| Brazil Cruzeiro | 126.58-124.38 | 88.116-82.318 | 12.77-12.97 | |
| Canada Dollar | 1.1615-1.1615 | 0.6975-0.6975 | 27.04-27.04 | |
| Denmark Krone | 10.1025-10.1025 | 42.55-42.70 | 4.12-4.16 | |
| France Franc | 116.30-116.30 | 4.0095-4.0095 | 1640-1680 | |
| Germany Mark | 1.1615-1.1615 | 0.6975-0.6975 | 610-610 | |
| India Rupee | 0.6975-0.6975 | 0.2867-0.2868 | 4.50-4.53 | |
| Indonesia Rupiah | 66.26-66.38 | 87.94-87.98 | 11.68-11.68 | |
| Japan Yen | 116.30-116.30 | 1.0110-1.0110 | 11.10-11.10 | |
| Malaysia Dollar | 2.3975-2.3975 | 1.0110-1.0110 | 162-168 | |
| New Zealand Dollar | 0.6975-0.6975 | 0.3175-0.3175 | 7.74-8.82 | |
| Saudi Arabia Riyal | 6.0015-6.0015 | 2.115-2.115 | 3.38-3.38 | |
| Singapore Dollar | 1.1615-1.1615 | 0.7850-0.7850 | 2.267-2.277 | |
| South African Rand | 6.71-6.77 | 3.8800-3.8810 | Yugoslavia Dinar | 63-64 |

Rates given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

| July 16 | U.S. dollar | U.S. dollar | U.S. dollar |
|--------------------|-------------|-------------|-------------|
| Belgian franc | 39.7857 | 40.3008 | +1.28 |
| French franc | 6.54700 | 6.54255 | -0.08 |
| German mark | 2.48388 | 2.51433 | +0.11 |
| Italian lira | 116.30 | 116.30 | 0.00 |
| Dutch guilder | 108.4 | 108.4 | 0.00 |
| Spanish peseta | 167.4 | 167.4 | 0.00 |
| Portuguese escudo | 200.5 | 200.5 | 0.00 |
| Swedish krona | 116.3 | 116.3 | 0.00 |
| Finland markka | 116.3 | 116.3 | 0.00 |
| Austrian schilling | 116.3 | 116.3 | 0.00 |
| Yen | 116.3 | 116.3 | 0.00 |

EXCHANGE CROSS RATES

| July 16 | U.S. dollar | U.S. dollar | U.S. dollar |
|-----------------|-------------|-------------|-------------|
| Pound sterling | 1.7485 | 1.7485 | 0.00 |
| U.S. dollar | 0.4211 | 0.4211 | 0.00 |
| Deutsche mark | 0.4825 | 0.4825 | 0.00 |
| Japanese yen | 1.9265 | 1.9265 | 0.00 |
| French franc | 1.0400 | 1.0400 | 0.00 |
| Swiss franc | 0.9685 | 0.9685 | 0.00 |
| Dutch guilder | 0.2211 | 0.2211 | 0.00 |
| Italian lira | 0.2007 | 0.2007 | 0.00 |
| Canadian dollar | 0.3565 | 0.3565 | 0.00 |
| Belgian franc | 0.1608 | 0.1608 | 0.00 |

FT. LONDON INTERBANK FIXING (11.00 a.m. JULY 16)

| 3 month U.S. dollars | 6 month U.S. dollars |
|-----------------------|-----------------------|
| bid 9 1/4 offer 9 3/4 | bid 9 1/4 offer 9 3/4 |

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

| July 16 | Sterling | U.S. dollar | U.S. dollar |
|---------------|---------------|-------------|-------------|
| Short term | 12 1/2-13 1/2 | 8 1/2-9 1/2 | 10-12 |
| 12 day notice | 12 1/2-13 1/2 | 8 1/2-9 1/2 | 10-12 |
| 1 month | 12 1/2-13 1/2 | 8 1/2-9 1/2 | 10-12 |
| 3 months | 12 1/2-13 1/2 | 8 1/2-9 1/2 | 10-12 |
| 6 months | 12 1/2-13 1/2 | 8 1/2-9 1/2 | 10-12 |
| 1 year | 12 1/2-13 1/2 | 8 1/2-9 1/2 | 10-12 |

INTERNATIONAL MONEY MARKET

Europeans cautious

Belgian and Dutch central bank discount rates were unchanged yesterday, despite speculation of possible cuts in interest rates in the near future. The Dutch guilder remains very firm near the top of the European Monetary System, while the French franc is also comfortable, marginally stronger than the D-mark and gaining some advantage from a slight weakening of the French franc. At yesterday's weekly meeting of the Belgian National Bank the discount and interest rates were cut by 1/4 per cent to 13 per cent but June 26 were left unchanged, while in Amsterdam short term rates were generally firmer as the likelihood of an imminent fall in bank rate diminished.

UK MONEY MARKET

Further help

Bank of England Minimum Lending Rate 10 per cent (since July 3, 1980).

LONDON MONEY RATES

| July 16 | Sterling | U.S. dollar | U.S. dollar |
|-----------|----------|---------------|---------------|
| Overnight | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |
| 7 days | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |
| 14 days | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |
| 1 month | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |
| 3 months | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |
| 6 months | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |
| 1 year | 16-25 | 16 1/2-16 1/2 | 16 1/2-16 1/2 |

GOLD

Slight rise

Gold rose \$5 an ounce in the London bullion market yesterday to close at \$624.627. The metal opened at \$602.605 and attracted some interest at this level, reaching a high around noon of \$624.638. It came back however to be fixed during the afternoon at \$624.75 and stayed around this level until the close.

Gold Bullion (fine ounce)

| July 16 | U.S. dollar | U.S. dollar | U.S. dollar |
|------------------|-------------|-------------|-------------|
| Close | \$624.627 | \$624.627 | \$624.627 |
| Opening | \$602.605 | \$602.605 | \$602.605 |
| Morning fixing | \$624.60 | \$624.60 | \$624.60 |
| Afternoon fixing | \$624.75 | \$624.75 | \$624.75 |

Gold Coins

| July 16 | U.S. dollar | U.S. dollar | U.S. dollar |
|---------------|-------------|-------------|-------------|
| Kruggerand | \$645.948 | \$645.948 | \$645.948 |
| Mapleleaf | \$645.948 | \$645.948 | \$645.948 |
| New Sovereign | \$645.948 | \$645.948 | \$645.948 |
| King George | \$645.948 | \$645.948 | \$645.948 |
| Victoria | \$645.948 | \$645.948 | \$645.948 |

Burton Group managing director

Mr. Ralph M. Halpern, joint managing director for the main clothing divisions of the BURTON GROUP, has become group managing director. He is now responsible to the board through the executive chairman of the day-to-day operations of the group. Mr. Cyril Spencer continues as executive chairman of the Burton Group.

Mr. F. R. Gibb, Mr. J. C. Stewart and Mr. W. A. K. Wicks have been appointed to the Board of the NATIONAL NUCLEAR CORPORATION. Mr. Gibb is joint managing director of Taylor Woodrow and chairman and managing director of Taylor Woodrow Construction. Mr. Stewart is deputy chairman of the Nuclear Power Company and Mr. Wicks is Financial director of that concern.

Mr. A. Derek Jones has become president and Mr. Kenneth L. Shanks, vice president, of the BRITISH CERAMIC MANUFACTURERS' FEDERATION. Mr. Anthony J. Wade, the retiring president, becomes deputy president.

Mr. Barry Reynolds has been appointed director of finance for NORTH THAMES GAS.

Mr. D. L. Heighington has been appointed managing director of NORTHERN STRAIT MINING, a subsidiary of Burnett & Hallams, deputy chairman of Burnett and Hallams, is the chief executive of the group's

of the ROYAL INSTITUTE OF BRITISH ARCHITECTS for the 1980-81 session, and will become the Council's nominee for the presidency next year.

Mr. Don Harper has been appointed to the board of RESTALL PRODUCTION DESIGN GROUP, Birmingham, as director export and leisure setting division.

Mr. L. A. Coombs and Mr. J. M. Thomson have been appointed non-executive directors of F. W. WOOLWORTH AND COMPANY. Mr. Coombs is a consultant to a number of companies and was previously a director of Boots Company. Mr. Thomson is deputy chief executive of Brooke Bond Lintlog.

Mr. R. G. Hanna is to give up his duties as an executive director of Scottish Western Trust Company on September 1 when he will join its associated company, CITY OF ABERDEEN LAND ASSOCIATES as director in charge of diversification. He will remain a non-executive director of Scottish Western Trust.

Mr. Alan Vincent has been appointed technical director at WHITE TRUCK CONCESSIONAIRE, of Bromborough.

Mr. Ian F. McQuattie has been appointed financial director of CHETWYND STREETS GROUP.

Mr. Andrew Derbyshire has been elected senior vice-president

Mr. Paul J. Tiplie has been appointed a director of BOVIS INTERNATIONAL and Mr. Alex J. Prescott has become financial director.

Mr. G. A. Warner has been appointed a director of LAING

Mr. R. E. Treacher has been appointed a director of WARREN PLANTATION HOLDINGS.

Mr. James L. Cox has been elected president of AMAX PHOSPHATE INC., a subsidiary of Amac Inc. based in Lakeland, Florida.

Mr. M. M. Murphy has been appointed managing director of STEWART WRIGHTSON (INTERNATIONAL) and a director of STEWART WRIGHTSON INTERNATIONAL GROUP, succeeding Mr. M. C. Hughesdon who has resigned.

| EUROPEAN OPTIONS EXCHANGE | | | | | | | | | | |
|---------------------------|--------|----|-------|------|------|------|------|--|------|----------|
| Series | July | | Last | Oct. | | Last | Jan. | | Last | Stock |
| | Vol. | | | Vol. | | | Vol. | | | |
| AMN C | F.280 | 2 | 25.50 | 3 | 24 | | | | | F.304.50 |
| AMN C | F.300 | 10 | 4.50 | | | | | | | |
| AMN C | F.310 | 8 | 0.50 | | | | | | | |
| AMN C | F.320 | 1 | 0.50 | | | | | | | |
| AMN C | F.330 | 1 | 0.50 | | | | | | | |
| AMN C | F.340 | 1 | 0.50 | 40 | 0.70 | | | | 8.20 | F.22.60 |
| AMN C | F.350 | 1 | 0.50 | | | | | | | |
| AMN C | F.360 | 1 | 0.50 | | | | | | | |
| AMN C | F.370 | 1 | 0.50 | | | | | | | |
| AMN C | F.380 | 1 | 0.50 | | | | | | | |
| AMN C | F.390 | 1 | 0.50 | | | | | | | |
| AMN C | F.400 | 1 | 0.50 | | | | | | | |
| AMN C | F.410 | 1 | 0.50 | | | | | | | |
| AMN C | F.420 | 1 | 0.50 | | | | | | | |
| AMN C | F.430 | 1 | 0.50 | | | | | | | |
| AMN C | F.440 | 1 | 0.50 | | | | | | | |
| AMN C | F.450 | 1 | 0.50 | | | | | | | |
| AMN C | F.460 | 1 | 0.50 | | | | | | | |
| AMN C | F.470 | 1 | 0.50 | | | | | | | |
| AMN C | F.480 | 1 | 0.50 | | | | | | | |
| AMN C | F.490 | 1 | 0.50 | | | | | | | |
| AMN C | F.500 | 1 | 0.50 | | | | | | | |
| AMN C | F.510 | 1 | 0.50 | | | | | | | |
| AMN C | F.520 | 1 | 0.50 | | | | | | | |
| AMN C | F.530 | 1 | 0.50 | | | | | | | |
| AMN C | F.540 | 1 | 0.50 | | | | | | | |
| AMN C | F.550 | 1 | 0.50 | | | | | | | |
| AMN C | F.560 | 1 | 0.50 | | | | | | | |
| AMN C | F.570 | 1 | 0.50 | | | | | | | |
| AMN C | F.580 | 1 | 0.50 | | | | | | | |
| AMN C | F.590 | 1 | 0.50 | | | | | | | |
| AMN C | F.600 | 1 | 0.50 | | | | | | | |
| AMN C | F.610 | 1 | 0.50 | | | | | | | |
| AMN C | F.620 | 1 | 0.50 | | | | | | | |
| AMN C | F.630 | 1 | 0.50 | | | | | | | |
| AMN C | F.640 | 1 | 0.50 | | | | | | | |
| AMN C | F.650 | 1 | 0.50 | | | | | | | |
| AMN C | F.660 | 1 | 0.50 | | | | | | | |
| AMN C | F.670 | 1 | 0.50 | | | | | | | |
| AMN C | F.680 | 1 | 0.50 | | | | | | | |
| AMN C | F.690 | 1 | 0.50 | | | | | | | |
| AMN C | F.700 | 1 | 0.50 | | | | | | | |
| AMN C | F.710 | 1 | 0.50 | | | | | | | |
| AMN C | F.720 | 1 | 0.50 | | | | | | | |
| AMN C | F.730 | 1 | 0.50 | | | | | | | |
| AMN C | F.740 | 1 | 0.50 | | | | | | | |
| AMN C | F.750 | 1 | 0.50 | | | | | | | |
| AMN C | F.760 | 1 | 0.50 | | | | | | | |
| AMN C | F.770 | 1 | 0.50 | | | | | | | |
| AMN C | F.780 | 1 | 0.50 | | | | | | | |
| AMN C | F.790 | 1 | 0.50 | | | | | | | |
| AMN C | F.800 | 1 | 0.50 | | | | | | | |
| AMN C | F.810 | 1 | 0.50 | | | | | | | |
| AMN C | F.820 | 1 | 0.50 | | | | | | | |
| AMN C | F.830 | 1 | 0.50 | | | | | | | |
| AMN C | F.840 | 1 | 0.50 | | | | | | | |
| AMN C | F.850 | 1 | 0.50 | | | | | | | |
| AMN C | F.860 | 1 | 0.50 | | | | | | | |
| AMN C | F.870 | 1 | 0.50 | | | | | | | |
| AMN C | F.880 | 1 | 0.50 | | | | | | | |
| AMN C | F.890 | 1 | 0.50 | | | | | | | |
| AMN C | F.900 | 1 | 0.50 | | | | | | | |
| AMN C | F.910 | 1 | 0.50 | | | | | | | |
| AMN C | F.920 | 1 | 0.50 | | | | | | | |
| AMN C | F.930 | 1 | 0.50 | | | | | | | |
| AMN C | F.940 | 1 | 0.50 | | | | | | | |
| AMN C | F.950 | 1 | 0.50 | | | | | | | |
| AMN C | F.960 | 1 | 0.50 | | | | | | | |
| AMN C | F.970 | 1 | 0.50 | | | | | | | |
| AMN C | F.980 | 1 | 0.50 | | | | | | | |
| AMN C | F.990 | 1 | 0.50 | | | | | | | |
| AMN C | F.1000 | 1 | 0.50 | | | | | | | |
| AMN C | F.1010 | 1 | 0.50 | | | | | | | |
| AMN C | F.1020 | 1 | 0.50 | | | | | | | |
| AMN C | F.1030 | 1 | 0.50 | | | | | | | |
| AMN C | F.1040 | 1 | 0.50 | | | | | | | |
| AMN C | F.1050 | 1 | 0.50 | | | | | | | |
| AMN C | F.1060 | 1 | 0.50 | | | | | | | |
| AMN C | F.1070 | 1 | 0.50 | | | | | | | |
| AMN C | F.1080 | 1 | 0.50 | | | | | | | |
| AMN C | F.1090 | 1 | 0.50 | | | | | | | |
| AMN C | F.1100 | 1 | 0.50 | | | | | | | |
| AMN C | F.1110 | 1 | 0.50 | | | | | | | |
| AMN C | F.1120 | 1 | 0.50 | | | | | | | |
| AMN C | F.1130 | 1 | 0.50 | | | | | | | |
| AMN C | F.1140 | 1 | 0.50 | | | | | | | |
| AMN C | F.1150 | 1 | 0.50 | | | | | | | |
| AMN C | F.1160 | 1 | 0.50 | | | | | | | |
| AMN C | F.1170 | 1 | 0.50 | | | | | | | |
| AMN C | F.1180 | 1 | 0.50 | | | | | | | |
| AMN C | F.1190 | 1 | 0.50 | | | | | | | |
| AMN C | F.1200 | 1 | 0.50 | | | | | | | |
| AMN C | F.1210 | 1 | 0.50 | | | | | | | |
| AMN C | F.1220 | 1 | 0.50 | | | | | | | |
| AMN C | F.1230 | 1 | 0.50 | | | | | | | |
| AMN C | F.1240 | 1 | 0.50 | | | | | | | |
| AMN C | F.1250 | 1 | 0.50 | | | | | | | |
| AMN C | F.1260 | 1 | 0.50 | | | | | | | |
| AMN C | F.1270 | 1 | 0.50 | | | | | | | |
| AMN C | F.1280 | 1 | 0.50 | | | | | | | |
| AMN C | F.1290 | 1 | 0.50 | | | | | | | |
| AMN C | F.1300 | 1 | 0.50 | | | | | | | |
| AMN C | F.1310 | 1 | 0.50 | | | | | | | |
| AMN C | F.1320 | 1 | 0.50 | | | | | | | |
| AMN C | F.1330 | 1 | 0.50 | | | | | | | |
| AMN C | F.1340 | 1 | 0.50 | | | | | | | |
| AMN C | F.1350 | 1 | 0.50 | | | | | | | |
| AMN C | F.1360 | 1 | 0.50 | | | | | | | |
| AMN C | F.1370 | 1 | 0.50 | | | | | | | |
| AMN C | F.1380 | 1 | 0.50 | | | | | | | |
| AMN C | F.1390 | 1 | 0.50 | | | | | | | |
| AMN C | F.1400 | 1 | 0.50 | | | | | | | |
| AMN C | F.1410 | 1 | 0.50 | | | | | | | |
| AMN C | F.1420 | 1 | 0.50 | | | | | | | |
| AMN C | F.1430 | 1 | 0.50 | | | | | | | |
| AMN C | F.1440 | 1 | 0.50 | | | | | | | |
| AMN C | F.1450 | 1 | 0.50 | | | | | | | |
| AMN C | F.1460 | 1 | 0.50 | | | | | | | |
| AMN C | F.1470 | 1 | 0.50 | | | | | | | |
| AMN C | F.1480 | 1 | 0.50 | | | | | | | |
| AMN C | F.1490 | 1 | 0.50 | | | | | | | |
| AMN C | F.1500 | 1 | 0.50 | | | | | | | |
| AMN C | F.1510 | 1 | 0.50 | | | | | | | |
| AMN C | F.1520 | 1 | 0.50 | | | | | | | |
| AMN C | F.1530 | 1 | 0.50 | | | | | | | |
| AMN C | F.1540 | 1 | 0.50 | | | | | | | |
| AMN C | F.1550 | 1 | 0.50 | | | | | | | |
| AMN C | F.1560 | 1 | 0.50 | | | | | | | |
| AMN C | F.1570 | 1 | 0.50 | | | | | | | |
| AMN C | F.1580 | 1 | 0.50 | | | | | | | |
| AMN C | F.1590 | 1 | 0.50 | | | | | | | |
| AMN C | F.1600 | 1 | 0.50 | | | | | | | |
| AMN C | F.1610 | 1 | 0.50 | | | | | | | |
| AMN C | F.1620 | 1 | 0.50 | | | | | | | |
| AMN C | F.1630 | 1 | 0.50 | | | | | | | |
| AMN C | F.1640 | 1 | 0.50 | | | | | | | |
| AMN C | F.1650 | 1 | 0.50 | | | | | | | |
| AMN C | F.1660 | 1 | 0.50 | | | | | | | |
| AMN C | F.1670 | 1 | 0.50 | | | | | | | |
| AMN C | F.1680 | 1 | 0.50 | | | | | | | |
| AMN C | F.1690 | 1 | 0.50 | | | | | | | |
| AMN C | F.1700 | 1 | 0.50 | | | | | | | |
| AMN C | F.1710 | 1 | 0.50 | | | | | | | |
| AMN C | F.1720 | 1 | 0.50 | | | | | | | |
| AMN C | F.1730 | 1 | 0.50 | | | | | | | |
| AMN C | F.1740 | 1 | 0.50 | | | | | | | |
| AMN C | F.1750 | 1 | 0.50 | | | | | | | |
| AMN C | F.1760 | 1 | 0.50 | | | | | | | |
| AMN C | F.1770 | 1 | 0.50 | | | | | | | |
| AMN C | F.1780 | 1 | 0.50 | | | | | | | |
| AMN C | F.1790 | 1 | 0.50 | | | | | | | |
| AMN C | F.1800 | 1 | 0.50 | | | | | | | |
| AMN C | F.1810 | 1 | 0.50 | | | | | | | |
| AMN C | F.1820 | 1 | 0.50 | | | | | | | |
| AMN C | F.1830 | 1 | 0.50 | | | | | | | |
| AMN C | F.1840 | 1 | 0.50 | | | | | | | |
| AMN C | F.1850 | 1 | 0.50 | | | | | | | |
| AMN C | F.1860 | 1 | 0.50 | | | | | | | |
| AMN C | F.1870 | 1 | 0.50 | | | | | | | |
| AMN C | F.1880 | 1 | 0.50 | | | | | | | |
| AMN C | F.1890 | 1 | 0.50 | | | | | | | |
| AMN C | F.1900 | 1 | 0.50 | | | | | | | |
| AMN C | F.1910 | 1 | 0.50 | | | | | | | |
| AMN C | F.1920 | 1 | 0.50 | | | | | | | |
| AMN C | F.1930 | 1 | 0.50 | | | | | | | |
| AMN C | F.1940 | 1 | 0.50 | | | | | | | |
| AMN C | F.1950 | 1 | 0.50 | | | | | | | |
| AMN C | F.1960 | 1 | 0.50 | | | | | | | |
| AMN C | F.1970 | 1 | 0.50 | | | | | | | |
| AMN C | F.1980 | 1 | 0.50 | | | | | | | |
| AMN C | F.1990 | 1 | 0.50 | | | | | | | |
| AMN C | F.2000 | 1 | 0.50 | | | | | | | |
| AMN C | F.2010 | 1 | 0.50 | | | | | | | |
| AMN C | F.2020 | 1 | 0.50 | | | | | | | |
| AMN C | F.2030 | 1 | 0.50 | | | | | | | |
| AMN C | F.2040 | 1 | 0.50 | | | | | | | |
| AMN C | F.2050 | 1 | 0.50 | | | | | | | |
| AMN C | F.2060 | 1 | 0.50 | | | | | | | |
| AMN C | F.2070 | 1 | 0.50 | | | | | | | |
| AMN C | F.2080 | 1 | 0.50 | | | | | | | |
| AMN C | F.2090 | 1 | 0.50 | | | | | | | |
| AMN C | F.2100 | 1 | 0.50 | | | | | | | |
| AMN C | F.2110 | 1 | 0.50 | | | | | | | |
| AMN C | F.2120 | 1 | 0.50 | | | | | | | |
| AMN C | F.2130 | 1 | 0.50 | | | | | | | |
| AMN C | F.2140 | 1 | 0.50 | | | | | | | |
| AMN C | F.2150 | 1 | 0.50 | | | | | | | |
| AMN C | F.2160 | 1 | 0.50 | | | | | | | |
| AMN C | F.2170 | 1 | 0.50 | | | | | | | |
| | | | | | | | | | | |

Commodities and Markets

COMMODITIES AND AGRICULTURE

Scottish timber for Scandinavia

by Lisa Wood

EXPORTS OF timber from Scotland to Scandinavia by the Scottish Forestry Group, a private forestry organisation, are expected to exceed 50,000 tonnes by the end of this year. Much of the small roundwood is exported to Sweden, where it is used for a wide range of products. A plan for a 500-tonne paper plant, put forward by Wiggins Teape, the paper group, and Consolidated Paper of Canada, the new joint venture, has not been approved earlier this year. At the same time it was decided to close a sawmilling pulp mill, at Westport.

The Economic Forestry Group, which has been exporting small amounts of timber to Scandinavia for some years, said weekly exports of timber from Scotland were now running at 1,000 tonnes.

Large amounts of timber, owned by the Forestry Commission, which would have gone to the Port William pulp plant, are to be put out to tender in August.

The EFG said that the Scandinavians were paying "the going rate" for the timber, which they are using to top-up their own supplies at a time when their pulp mills are working at nearly maximum capacity.

As more small roundwood becomes available, the EFG expects to export it from other Scottish ports, including Greenock and Perth.

Fresh fall in world sugar values

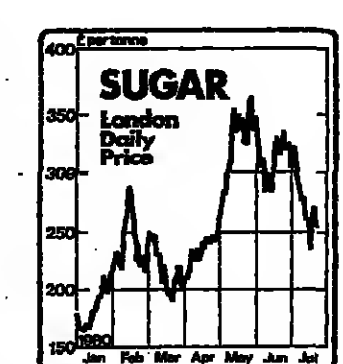
BY RICHARD MOONEY

THE RECENT sharp fall-off in the sugar market was resumed yesterday with nearby positions on the London futures market falling to their lowest levels since the end of April. The October futures position closed at \$19.225 down at \$278.525 a tonne while the London daily raw sugar price was fixed \$19 down at \$285 a tonne. This reversed a sharp rise in afterhours trading on Tuesday night.

A London dealer said the market was "still trying to find a level" following the mass sell-off by speculators. The upsurge which lifted the LDP to a 51-year peak of \$362 a tonne at the end of May had been largely due to speculative buying, he said. Now the speculators had pulled out, the market was having to align more closely with physical trading levels.

Other dealers noted that the resumption of Thai sugar exports following a two-month suspension was still affecting the market.

A New York leading commission house, Merrill Lynch, Pierce, Fenner and Smith, issued a report concluding that a 1974-style sugar price "explosion" was unlikely this year, and this was also thought to have encouraged the London price decline.



Merrill Lynch sugar analyst Mr. Fred Carlson said "another perfect sugar harvest" was possible in Europe while the Soviet crop could achieve record yields. "The big bull market in sugar may be postponed until 1981 or later," he said.

The £20 plus fall in world values over the past week did not result in export rebates being granted at yesterday's weekly EEC tender, as some of the sugar was not yet licensed. The EEC Commission granted export licences covering 12,000 tonnes of white sugar for September-January shipment, but maintained a neutral price stance with no levy being imposed and no rebate granted.

Levies or rebates are used to cancel out the difference between fixed EEC and moving world prices.

In Bonn, meanwhile, the German ZMP market reporting agency said EEC sugar stocks are not declining in spite of recent high prices on the world market. Less than 2.3m tonnes had been disposed of in the 1979/80 selling season against a Commission target of 2.34m tonnes, it said.

In Canberra, Mr. Doug Anthony, Australian trade and resources minister, said he had agreed to high level talks with the EEC on sugar later this year. This was in response to a suggestion made by Mr. Finn Gundlach, EEC agricultural commissioner, when he met Mr. Anthony on Tuesday.

The talks will be in Brussels in September, ahead of further EEC consideration of its attitude to membership of the International Sugar Agreement.

Mr. Anthony said the ISA had done much to stabilise world markets but could have done even more had the EEC joined at the outset.

The EEC is the only large sugar exporter outside the agreement.

Stockpile tin bids rejected

By John Edwards, Commodities Editor

TIN PRICES rallied yesterday following news that the U.S. stockpile authorities had again rejected all bids at the second offering of surplus tin. Cash tin closed \$80 up at \$7,120 a tonne, but the rise was limited by the fact that the Penang market fell overnight.

The decision of the stockpile authorities not to accept bids for the second offering of 500 tons of tin caused some surprise. Bids were received for 220 tons at prices ranging from \$6.53 to \$7.53 a lb.

The higher bids are not that much below present market prices, but the authorities seem to have been concerned about the quality of the tin that has been stored outside for a very long period.

But the stockpile authorities insisted, as they did when rejecting all bids at the first offering a fortnight ago, that they were reluctant to disrupt the market. However, it remains to be seen how long they can go on rejecting bids without undermining the programme to sell 10,000 tons annually for the next three years, with fortnightly offerings of 500 tons.

The uncertainty created by the stockpile sales was highlighted at the International Tin Council meeting this week when producers members decided to ask the U.S. for an explanation of the General Services Administration's pricing policy.

Producers told consumers at the meeting that they would press strongly for a rise in the Tin Agreement price range at next January's meeting of the Council. Consumers may, however, seek to delay any increase until March—a year after the latest rise.

UK FISHING

A tough fight for the fishermen's future

BY RICHARD MOONEY

WHEN BRITAIN'S Agriculture Minister, Mr. Peter Walker, travels to Luxembourg next Monday to rejoin the marathon battle with his EEC counterparts over the Common Market's fisheries policy, he will carry with him what remains of UK fishermen's hopes for a profitable future—or indeed any future at all.

Leaders of the country's fishermen warned the Minister this month that their industry faces total collapse unless an equitable common fisheries policy is secured soon and unless substantial aid is provided to tide them over in the meantime. They have asked the Government for £25m to cover the second half of this year.

British catches have declined by more than 20 per cent in the last 10 years and their real value has fallen even more steeply because of the switch from high-value cod to low-value mackerel. All sectors of the industry are reported to be losing money and overall a negative cash flow—operating loss plus capital and interest payments—of £70m is forecast for this year. This compares with a turnover of about £250m. Imports have soared and since most of these do not come in across the quaysides, many of the country's fish docks—such as Hull, Grimsby and Fleetwood—are faced with closure.

The one part of the equation which has not kept pace with inflation is quayside prices, which have been depressed by the ever-increasing flow of cheap imports. The fishermen have laid the blame for this squarely on the subsidies for foreign fishermen, especially within the EEC.

But the Government does not agree. "Financial aid to the British industry is broadly in line with what the rest are doing," according to Mr. Allick Buchanan-Smith, Minister of State for Agriculture with special responsibility for fishing. Figures collected by the Ministry show that the £18.9m the British fishing industry is to receive in aid this year is equivalent to 22 per cent of total aid going to EEC fishermen. This compares fairly closely with Britain's 27 per cent of Community fish landings.

Another frequent complaint against EEC imports by British fishermen is that they are made possible only by fishing in defiance of conservation regulations. This, they say, reduces the fish stocks and control fish landings at their ports as stringently as the UK Government does.

The industry's problems could be eased by securing new fishing opportunities either within or outside EEC waters. For the former, the fishermen will have to wait for the conclusion of the EEC's common fisheries policy, but they are becoming increasingly impatient at the Government's failure to win access to fisheries outside Europe.

Britain's demands at this month's fisheries talks are expected to be the same as at the last session. These were: exclusive access to a 12-mile band around the coast (subject to agreement on historic rights for overseas fishermen); preferential access between 12 miles and 50 miles; and effective conservation and control measures.

The British fishing industry, taking a lead from Mr. John Sillkin, the previous Agriculture Minister, regards 45 per cent as the minimum acceptable share of EEC fish quotas, but the offer so far is only 23 per cent.

New proposals are expected from the EEC Commission at the meeting but these are not likely to offer the UK anywhere near 45 per cent of the catch. "Whatever the figure its acceptability will depend largely on the composition of the catch. A figure of over 45 per cent containing a lot of 'trash' species such as horse mackerel would clearly be unacceptable. But a lower figure with a dominant share of the valuable cod catch might be attractive. The prospects of an attractive offer being made to Britain at this stage must be regarded as fairly remote. The decline in Britain's fleet has also reduced its negotiating power. France and Germany are under pressure to reach agreement with the UK, but from their point of view a poor deal would be worse than no agreement at all.

Catches decline

There is general agreement on the basic causes of this situation: Catches are too low, costs are too high and quayside prices are depressed.

The decline in catches dates back to the general switch to 200-mile national coastal limits in the middle of the last decade which shut British vessels out of the rich cod grounds around Iceland and severely reduced their fishing opportunities off Norway and elsewhere.

The British fishing industry itself must take some of the blame. In the early 1970s too much money was invested in distant water vessels which were expensive to run and ill-suited to the more modest fishing opportunities available to the British fleet.

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Mr. Walker's approach to negotiations on fish has proved far less antagonistic to the EEC than that of his predecessor, Mr. Sillkin, but so far the "sell-out" feared by some fishermen has not materialised. There is concern, however, about the linking of the deal on Britain's budget contribution to a "commitment" to settle the fisheries question by the end of this year.

The 1981 deadline, set by the Community Foreign Ministers, may prove to be political, but the "fish to the beaches" common fisheries policy, under which there would be no exclusive zones within the EEC, agreed before Britain joined the Community is due to come into effect a year later if no agreement is reached in the meantime. This could pose a more serious threat. Even if there is no agreement by then, however, it seems more likely that the Commission would resort to the now familiar device of "stopping the EEC clock" while negotiations continued.

Delay is not the friend of the British fisherman, however. The longer the debate continues the more likely it is that Britain will not have a viable fishing industry when agreement is finally reached.

U.S. cocoa bean grindings fall

U.S. COCOABEAN grindings dropped by 25.4 per cent in the second quarter of this year, compared with 1979, the U.S. Chocolate Manufacturers Association announced yesterday. It said grindings fell to 33,992 short tons against 45,590 tons in the same period last year. It is said to be the lowest U.S. grind in any quarter since the 1930s.

Surprisingly there was only a muted reaction on the futures market, in spite of the fact that the decline in U.S. grindings was well above expectations. The October position closed only \$4.5 down at \$1,079 a tonne.

Traders said it appeared that a steep fall in the U.S. grind had already been discounted by the general air of pessimism that has undermined the market in recent weeks.

India's plans to boost tea exports

BY P. C. MAHANTI IN CALCUTTA

INDIA HOPES to step up tea exports this year by 20m kilos to 230m kilos, following a record crop, according to Mr. B. K. Goswami, chairman of the Indian Tea Board.

Mr. Goswami told the Tea Association of India that judging by the trend in production, the coming year will be at least 40m kilos higher than the 1979 output of 206m kilos. He said the export target had been tentatively raised to 230m kilos. But this could be raised even further if world market conditions proved favourable and large buyers like Russia, Egypt and Iraq could be persuaded to step up purchases.

Output figures up to the end of May in north India, where the plucking season started in April, showed a rise of 23.2m kilos to 19.2m at the same period in 1979. In South India the crop up to end of May was

54.6m kilos. This was about 6.8m kilos behind last year's figure at the same date but the output rate in recent weeks has been fast picking up. During the month of May alone production of 19.2m kilos is considered an all-time record. Production during June is expected to be equally good. The world tea crop, excluding China, has been lagging behind the previous year's figure by 8m kilos but Mr. B. K. Goswami warned this need be no source of comfort for the Indian tea producers, whose costs have been rising. China has already established itself as a leading supplier to the U.S. market, overtaking Sri Lanka in the process, and is now offering its tea at prices some 25 per cent below those of Indian teas.

Mervyn de Silva writes from Colombo: Sri Lanka may soon lose its number two position in the world tea market, warned Mr. Lalith Atbulathumudi, Sri Lanka's trade minister. He said Ceylon tea was no longer fetching premium prices because exporters had not adjusted themselves to world market trends and consumer tastes.

Darjeeling and Kenyan teas, he said, had gradually ousted high quality teas from Sri Lanka. Aggressive marketing methods together with the advent of new centres for blending and packaging tea to meet special consumer demands were other factors affecting Sri Lanka's position in the world tea market.

As a result the government has now decided to allow Sri Lankans to import tea from other producing countries; blend it with local tea for re-export in bags or in packets. Simultaneously, the export duties on both tea bags and packets have been reduced.

The world tea market, warned Mr. Lalith Atbulathumudi, Sri Lanka's trade minister. He said Ceylon tea was no longer fetching premium prices because exporters had not adjusted themselves to world market trends and consumer tastes.

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Coffee at 16-month lows

COFFEE FUTURES prices fell to new 16-month lows yesterday with the September position on the London market ending \$72 down at \$1,332 a tonne.

Rumours that Brazil might end its export ban, pressed home by the U.S. Government, triggered the fall early on, but these remained unconfirmed and were given little credence.

PRICE CHANGES

| In tonnes unless otherwise stated. | |
|------------------------------------|----------|
| July 16 | July 15 |
| Aluminium | 2,100.00 |
| Copper | 1,170.00 |
| Gold | 2,100.00 |
| Iron | 1,170.00 |
| Lead | 1,170.00 |
| Nickel | 1,170.00 |
| Platinum | 1,170.00 |
| Silver | 1,170.00 |
| Tin | 1,170.00 |
| Zinc | 1,170.00 |

EUROPEAN MARKETS

| ROTTERDAM, July 16 | |
|--------------------|---------|
| July 16 | July 15 |
| Wheat—U.S. No. 2 | 135.00 |
| Wheat—U.S. No. 1 | 135.00 |
| Wheat—U.S. No. 3 | 135.00 |
| Wheat—U.S. No. 4 | 135.00 |
| Wheat—U.S. No. 5 | 135.00 |
| Wheat—U.S. No. 6 | 135.00 |
| Wheat—U.S. No. 7 | 135.00 |
| Wheat—U.S. No. 8 | 135.00 |
| Wheat—U.S. No. 9 | 135.00 |
| Wheat—U.S. No. 10 | 135.00 |

INDICES

| DOW JONES | |
|----------------|----------|
| July 16 | July 15 |
| Dow Jones | 1,170.00 |
| Industrial | 1,170.00 |
| Transportation | 1,170.00 |
| Utilities | 1,170.00 |
| Chemicals | 1,170.00 |
| Metals | 1,170.00 |
| Textiles | 1,170.00 |
| Food | 1,170.00 |
| Drugs | 1,170.00 |
| Other | 1,170.00 |

BRITISH COMMODITY MARKETS

| COPPER—Easier on the London Metal Exchange. | |
|---|----------|
| July 16 | July 15 |
| 3 months | 1,170.00 |
| 6 months | 1,170.00 |
| 12 months | 1,170.00 |
| 18 months | 1,170.00 |
| 24 months | 1,170.00 |
| 30 months | 1,170.00 |
| 36 months | 1,170.00 |
| 42 months | 1,170.00 |
| 48 months | 1,170.00 |
| 54 months | 1,170.00 |
| 60 months | 1,170.00 |

COCOA

| A cocoa more sedate day on the futures market today, following the activity of the previous two days. | |
|---|----------|
| July 16 | July 15 |
| 3 months | 1,170.00 |
| 6 months | 1,170.00 |
| 12 months | 1,170.00 |
| 18 months | 1,170.00 |
| 24 months | 1,170.00 |
| 30 months | 1,170.00 |
| 36 months | 1,170.00 |
| 42 months | 1,170.00 |
| 48 months | 1,170.00 |
| 54 months | 1,170.00 |
| 60 months | 1,170.00 |

COFFEE

| Robusta—Tumbled to within 215 of the recently established contract low as commission house selling sparked by a lower New York performance. | |
|---|----------|
| July 16 | July 15 |
| 3 months | 1,170.00 |
| 6 months | 1,170.00 |
| 12 months | 1,170.00 |
| 18 months | 1,170.00 |
| 24 months | 1,170.00 |
| 30 months | 1,170.00 |
| 36 months | 1,170.00 |
| 42 months | 1,170.00 |
| 48 months | 1,170.00 |
| 54 months | 1,170.00 |
| 60 months | 1,170.00 |

SOYABEAN MEAL

| The London market opened \$1.50-22.00 on long liquidating reports of rains in major growing areas, reports T. G. Radcliffe. Prices rallied from opening levels on lack of fresh arrivals, but the market remained unchanged on the defensive, and prices finished with losses of £2.00. | |
|---|----------|
| July 16 | July 15 |
| 3 months | 1,170.00 |
| 6 months | 1,170.00 |
| 12 months | 1,170.00 |
| 18 months | 1,170.00 |
| 24 months | 1,170.00 |
| 30 months | 1,170.00 |
| 36 months | 1,170.00 |
| 42 months | 1,170.00 |
| 48 months | 1,170.00 |
| 54 months | 1,170.00 |
| 60 months | 1,170.00 |

A FINANCIAL TIMES SURVEY

ITALIAN TRAVEL AND TOURISM

OCTOBER 31 1980

This Survey is planned to precede the British Travel Agents Convention in Florence starting on 10th November, 1980.

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CORAL INDEX: Close 501.506 (+1)

L6 Index

October Sugar 295.5/292.5

October Sterling 2.24/2.23

October Gold 374.48/374.47

October Oil 10.00/10.00

October Wheat 1.17/1.17

October Corn 1.17/1.17

October Soybeans 1.17/1.17

October Cotton 1.17/1.17

October Rubber 1.17/1.17

October Tin 1.17/1.17

October Zinc 1.17/1.17

October Nickel 1.17/1.17

October Platinum 1.17/1.17

October Silver 1.17/1.17

October Gold 1.17/1.17

October Silver 1.17/1.17

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October Gold 1.17/1.17

October Silver 1.17/1.17

October Gold 1.17/1.17

LONDON STOCK EXCHANGE

Activity broadens as equity index pierces 500 mark
Sustained Gilt demand exhausts medium tap stock

Account Dealing Dales

*First Declared Last Account
Dealings times Dealings Day
June 30 July 10 July 11 July 12
July 14 July 24 July 25 Aug. 4
July 28 Aug. 7 Aug. 8 Aug. 16

*New time * dealings may take
place from 9 am to two business days
earlier.

The FT index breakthrough of the psychologically important 500 mark soon after the opening yesterday signalled a distinct expansion in trade throughout the equity sectors. Second-line industrials came into their own and sustained demand soon disclosed an underlying stock shortage which led to many double-figure gains. Leading shares, too, encountered renewed buying, which absorbed increased selling part of which was triggered by some chartists' advice to take profits once the index settled above 500.

Gilt-edged securities continued to lead the rise with renewed foreign and domestic institutional support exhausting official supplies of the medium tap stock. Treasury 12 per cent 1987, the Government broker sold supplies at 204 and ran out later at 203, just five days after the stock was issued at 206, 220-paid. Other medium- and longer-dated Gilts opened at Tuesday's enhanced late levels and rose further to close with gains extending to 1.5 on the previous day's 3.30 pm close, although the rises were nipped after-hours to around 1. The shorts were more impressive yesterday after lagging behind recently and gained a maximum of 15/16.

The second successive monthly surplus in the UK trade balance underpinned sentiment throughout markets which also derived encouragement from the Chan-

cellor's comments about a new mood of realism on pay. Speculation about another cut soon, perhaps today, in Minimum Lending Rate was probably the overriding stimulant. Midday Press reports about British Petroleum's passing through a particularly lean spell had little lasting impact on the shares of either concern.

Sectors worthy of mention included Properties which traded in lively fashion following the bid approach to County and District, up 55 at 210p. Meanwhile, Banks recovered strongly from Tuesday's low levels thanks to a favourable reception of Midland's proposed deal to acquire a controlling interest in Crocker National. Midland regained all of that day's fall and more to close 26p higher at 378p. Measuring the feel of equities, the 30-share index was 4.4 higher at noon and finally set 3.3 up at 503.1, while the FT-Actuaries All-Share Index attained its best ever level at 286.58. The FT Government Securities index gained 0.84 to 171.7 for a rise of 4.60, nearly 7 per cent since the beginning of last month.

Increased activity in the Traded Options market saw the number of contracts completed rise to 2,047 from 1,125 the previous day and only 819 on Monday. Settlement was particularly active, recording 470 deals.

Rolfe and Nolan Computer Services staged a quiet debut in the unlisted securities market, the shares touched 75p before settling left the close at 70p compared with the placing price of 51p.

Comment on the banks' planned acquisition of a 57 per

cent stake in Crocker National Bank of California for £348m prompted a strong rally in Midland which, after Tuesday's drop of 13, rebounded 26 to 378p in active trading. The other major clearers also moved sharply higher as buyers found stock in short supply. Barclays jumped 22 to 420p and Lloyds 17 to 347p, after 348p; the latter's interim results are due tomorrow. Bank of Scotland improved 11 to 276p and NatWest gained 8 to 378p. Already firm in sympathy with a rising gilt market, Discount Houses were given a further boost by Union's encouraging interim statement. Union closed 15 to the good at 470p, while Gerrard and National advanced 12 to 272p and Alexander 10 to 258p. Hopes of a further reduction in Minimum Lending Rate helped Hire Purchase shares gain ground. Hire Purchase closed 9 and 8 respectively were seen in Lloyds and Scottish, 172p, and Provident Financial, 142p. Firm merchant banks were featured by a rise of 17 to 320p for Mercers Securities, while Hambros added 7 to 517p, after 530p.

Against the firm trend in Insurances, Hamphre Life softened 7 to 255p, after 270p, following the group's new life premium figures for the half-year. Equity and Law, however, gained 14 to 278p and Britannic improved 10 to 234p.

Breweries continued to edge a little higher in quiet trading. Awaiting today's preliminary figures, Distillers formed a fresh gain in second-half issues, the shares touched 140p before settling at 135p.

Building issues made another good showing. Blue Circle firmed 4 to 386p, BPB 6 to 240p, Tarmac 9 to 258p and Ready Mixed Con-

crete 7 to a 1980 peak of 188p. Among Contracting and Construction issues, Wimpey, 51p, and Costain, 198p, both rose 4, while Taylor Woodrow added 3 to 431p. The Timber sector featured International which revived with a gain of 6 at 112p. Householders met support on hopes of lower interest rates with Gough Cooper rising 5 to 70p and Barratt Developments firming 4 to 117p. An investment recommendation lifted Bryant 5 to 67p.

ICI touched 384p in early dealings, but slipped to 378p on the news of a proposed takeover of 3.2m on balance at 332p. Fisons rose 10 to 257p on the announcement that the company is to merge its agrochemical interests with Boots, a penny cheaper at 215p. Recently dull Anchor Chemical rallied 4 to 64p.

Gussies firm A rather lethargic Stock sector was featured by a rise of 4 to 434p in Gussies A on demand ahead of today's preliminary results.

Trading in the Electrical sector was more active after an initial flurry of buying. GEC continued to make progress, closing 6 to the good at 476p, after 478p, while Plessey closed a penny firmer at 218p, after 212p. Fresh gains in second-half issues were sometimes accentuated by stock shortages. Electrocum components were again well to the fore with a fresh advance of 18 to 643p, while gains of around 10 were common to Telephone Rentals, 260p, Unitech, 337p, and Forward Technology, 122p.

Selective buying interest left the Engineering sector with scattered useful gains. Hawker were prominent in the leaders with a further improvement of 10 to 644p, while Telford moved up 7 to 111p, while Folke Hefo n/v responded to an investment recommendation by rising 3 to 30p.

Foods reflected the general market trend, J. Sainsbury adding 5 more to a 1980 peak of 425p and Associated Dairies gaining 4 to 184p. Linford rose 5 to 155p, while Billings added 8 for a two-day gain of 14 to 146p in a thin market. A good market on Monday on favourable Press comment. Builders of Yorkshire added 3 more to 69p, after 72p, following

stockbrokers' Carr Sebag's successful acquisition of 1.5m shares in the group on behalf of Provincial Limited and Michael A. Ashcroft Holdings to raise their combined stake to just over 20 per cent. Other laundry and dry cleaning issues rose in sympathy with Sunlight Services closing 5 up at 63p and Skekley 4 dearer at 275p, after 277p. Spring Grove appreciated 3 to 54p as did Breagreen, to 28p, and Initial Services, to 149p.

Among other firm secondary miscellaneous industrials, rises of 30 to 45 respectively were seen of De La Rue, 385p, and Diplomat Investments, 230p, with stock shortage a major factor behind the gains. The maintained dividend outweighed news of the reduced interim profits and left Gestetner A 4 better at 73p, while Western Board Mills added 3 to 88p, after 100p, on increased annual earnings. Hopes that the company will be awarded the £150m London Revenue computer contract helped ICL improve 5 to 174p, after 180p, while Bestobell added 8 to 283p on revised hopes of a second bid from BSA. 7 hands over 273p. Norover improved 4 to 781p on a broker's favourable circular and Sotheby's, at 480p, retrieved 17 of the recent sharp fall which followed last week's disappointing interim statement. Pilkington added 10 to 262p among leaders. Rank Organisation picked up 6 to 180p from the depressed level first-half profits statement.

Firm spots in the Leisure sector included Associated, 2 higher at a 1980 peak of 101p and Norton and Wright, 5 dearer at 83p.

Motor Components had two notably good markets in Lucas and Dowty, the former firming 8 to 215p and the latter, aggravated by stock shortage, rising 10 to 252p. Down 5 on Tuesday on Foden's demise, fellow commercial vehicle manufacturer ERF rallied 3 to 65p; the announcement that the company is to lay off 85 staff made no apparent impact. Garages traded firmly throughout, Lex and Heolys hardening 2 apiece to 75p and 83p respectively.

Although Associated Newspapers' interim results were generally well received, the sector's warning about economic half prospects restricted the rise in the price to 4 at 311p. Up to 518p awaiting the half-yearly results, Daily Mail A gave ground on the announcement and closed only a net 3 higher at 503p. Already 18 firmer at 178p, Company Index put on 353.9, 225p before closing a net 55 higher at 210p on the announce-

ment that the company is engaged in talks which may lead to an offer. Newradhill, which holds a 22.5 per cent stake in County and District through Sir Robert McAlpine, rose 8 to 258p. Other Properties made useful progress under the lead of Land Securities which gained 8 to 365p. MEPC firmed 4 to 224p and Great Portland Estates 8 to 280p. Elsewhere, gains of around 9 were marked against North British Properties, 141p, and Fairview Estates, 232p, while Hatfield Estates firmed 15 to 435p, the last named in a thin market. Other notable rises included M. P. Kent and A. and J. Mucklow, both 6 to the good at 68p and 183p respectively.

Canberra above worst Oil shares took on a rather mixed appearance. Among the exploration issues, Canberra reacted to 175p in response to the Lockton East drilling report, but rallied well to close only 6 cheaper on balance at 183p. Clyde recovered 15 more to 510p and Carless Capel 6 to 137p, but Sovereign Oil and Gas eased 5 to 260p. Elsewhere, Tritelion found support and put on 10 to 270p. BP finished a few pence cheaper at 356p, but Shell again attracted buyers and rose 10 further to 426p.

Reflecting the good performance in the equity sectors, Trusts made headway on a broad front. News of the proposed unitisation left Murray, Major Investment Ordinary and B shares 18 and 16 higher respectively at the common price of 90p.

Shipping shares came to life after the recent spell of inactivity. Buyers showed interest in P and O Deferred which advanced 3 to 135p and British and Commonwealth, 9 to the good at 352p. Oceanic Express were also favoured at 125p, up 3.

Golds rally Mining markets staged a good rally as the bullion price recovered from an initial 8603 an ounce to touch 8630 before closing a net 55 up at 8625.50.

Prices of South African golds were initially marked down, waiting for heavy selling in overnight American markets, but subsequently rallied strongly in the wake of persistent buying, notably from Johannesburg.

Profit-taking late in the day was well absorbed and most issues closed only a fraction below the day's best. The Gold Index put on 4.0 to 353.9, 225p before closing a net 55 higher at 210p on the announce-

FINANCIAL TIMES STOCK INDICES

| | July 16 | July 15 | July 14 | July 13 | July 12 | July 11 | July 10 | July 9 | July 8 |
|-----------------------|---------|---------|---------|---------|---------|---------|---------|--------|--------|
| Government Secs. | 71.71 | 71.07 | 70.61 | 70.78 | 70.71 | 70.73 | 70.73 | 70.73 | 70.73 |
| Fixed Interest | 72.55 | 72.84 | 72.05 | 71.58 | 71.58 | 71.58 | 71.58 | 71.58 | 71.58 |
| Industrial | 503.1 | 499.8 | 495.0 | 495.0 | 495.0 | 495.0 | 495.0 | 495.0 | 495.0 |
| Gold Mines | 563.9 | 549.9 | 565.2 | 566.8 | 561.7 | 561.7 | 561.7 | 561.7 | 561.7 |
| Ord. Div. Yield | 7.22 | 7.22 | 7.46 | 7.57 | 7.40 | 7.40 | 7.40 | 7.40 | 7.40 |
| Earnings, Yld. (X100) | 17.49 | 17.63 | 18.07 | 17.89 | 18.00 | 17.90 | 17.90 | 17.90 | 17.90 |
| P/E Ratio (incl. P) | 6.90 | 6.85 | 6.68 | 6.78 | 6.74 | 6.74 | 6.74 | 6.74 | 6.74 |
| Total Gains | 28,854 | 26,568 | 26,178 | 27,636 | 26,486 | 26,396 | 26,396 | 26,396 | 26,396 |
| Equity turnover £m. | 150,24 | 144,36 | 150,71 | 167,71 | 150,98 | 150,98 | 150,98 | 150,98 | 150,98 |
| Equity bargains total | 30,868 | 31,594 | 30,865 | 31,194 | 30,100 | 30,100 | 30,100 | 30,100 | 30,100 |

10 am 503.0, 11 am 503.2, Noon 504.2, 1 pm 505.5, 2 pm 502.9, 3 pm 502.9.

Latest Index 01-296 8025.

Nil=6.44.

Base 100 Govt. Secs. 15/10/64. Fixed Int. 1928. Industrial 1975. Gold Mines 12/9/66. SE Activity July-Dec. 1942.

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LEADERS AND LAGGARDS

| Merchant Banks | +47.80 | Industrial Group | +21.77 |
|---------------------------|--------|------------------------------|--------|
| Mining Finance | +47.84 | Other Groups | +21.28 |
| Insurance (Life) | +46.67 | Pharmaceuticals | +20.33 |
| Hire Purchase | +46.71 | 500-Share Index | +20.33 |
| Electronics | +46.75 | Packaging and Paper | +20.03 |
| Shipping | +46.75 | Consumer Goods (Non-Durable) | +19.70 |
| Electronics, Radio and TV | +36.20 | Metals and Metal Forming | +17.96 |
| Property | +36.38 | Breweries | +18.95 |
| Gold Mines (F) | +36.58 | Chemicals | +18.12 |
| Building Materials | +31.88 | Oils | +15.93 |
| Capital Goods Group | +30.35 | Newspapers and Publishing | +15.07 |
| Gold Mines (F) | +30.35 | Food Manufacturing | +14.72 |
| Insurance (Life) | +30.35 | Engineering Contractors | +14.72 |
| Insurance (Life) | +30.35 | Food Retailing | +14.72 |
| Insurance (Life) | +30.35 | Textiles | +14.72 |
| Insurance (Life) | +30.35 | Wines and Spirits | +14.72 |
| Insurance (Life) | +30.35 | Office and Equipment | +14.72 |
| Insurance (Life) | +30.35 | Metals and Metal Forming | +14.72 |
| Insurance (Life) | +30.35 | Household Goods | +14.72 |
| Insurance (Life) | +30.35 | Toys and Games | +14.72 |
| Insurance (Life) | +30.35 | | |

Percentage changes since December 31, 1979, based on Tuesday, July 15.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| EQUITY GROUPS & SUB-SECTIONS | | Wed., July 16, 1980 | | | | | Tues, July 15 | Mon., July 14 | Fri., July 11 | Thurs., July 10 | Year ago (approx.) |
|---|-------------------------------|---------------------|----------------------|---------------------------------------|---------------------------------------|---------------------------------|---------------------|---------------------|---------------------|-----------------------|--------------------------|
| Figures in parentheses show number of stocks per section | | Index No. | Day's Change % | Est. Earnings Field % (Mar.) | Gross Dom. Inc. (ACT at 30%) | Est. PIE Field % (Net) | Index No. | Index No. | Index No. | Index No. | Index No. |
| 1 | CAPITAL GOODS(172) | 283.32 | +1.8 | 16.36 | 5.79 | 7.41 | 278.21 | 272.16 | 271.95 | 272.64 | 242.90 |
| 2 | Building Materials(28) | 266.57 | +2.2 | 17.28 | 6.29 | 6.79 | 260.78 | 257.37 | 257.97 | 278.49 | 225.24 |
| 3 | Contracting, Construction(27) | 418.41 | +2.2 | 21.06 | 5.41 | 497.26 | 405.51 | 396.64 | 403.68 | 384.59 | 339.19 |
| 4 | Electricals(16) | 800.27 | +1.3 | 11.39 | 3.26 | 10.04 | 790.14 | 789.50 | 787.35 | 799.62 | 707.33 |
| 5 | Engineering Contractors(17) | 332.16 | +0.9 | 20.44 | 7.88 | 11.63 | 329.20 | 329.59 | 327.21 | 328.91 | 330.59 |
| 6 | Mechanical Engineering(74) | 187.67 | +2.6 | 16.95 | 7.06 | 7.23 | 182.94 | 180.46 | 179.50 | 180.17 | 179.36 |
| 8 | Metals and Metal For. vng(36) | 173.94 | +1.2 | 20.89 | 9.81 | 5.74 | 170.93 | 169.31 | 169.12 | 170.91 | 156.23 |
| CONSUMER GOODS | | | | | | | | | | | |
| 11 | (DURABLE) (69) | 235.29 | +0.8 | 14.13 | 5.55 | 8.95 | 233.26 | 229.82 | 229.38 | 226.73 | 227.81 |
| 12 | L. Electronic, Radio, TV(14) | 351.10 | +0.6 | 11.04 | 0.42 | 11.21 | 348.86 | 342.28 | 340.13 | 339.62 | 315.64 |
| 13 | Household Goods(114) | 103.41 | +0.2 | 23.43 | 10.22 | 5.39 | 103.93 | 102.39 | 101.81 | 102.16 | 154.95 |
| 14 | Motors and Distributors(21) | 103.64 | +1.6 | 22.13 | 9.49 | 5.22 | 101.95 | 101.69 | 102.01 | 102.81 | 113.29 |
| CONSUMER SERVICES | | | | | | | | | | | |
| 21 | (NON DURABLES) (172) | 239.72 | +0.6 | 17.21 | 6.70 | 7.02 | 236.28 | 236.29 | 237.82 | 237.78 | 233.74 |
| 22 | Beverages(12) | 305.05 | +0.9 | 14.66 | 7.86 | 30.27 | 302.78 | 304.43 | 304.61 | 305.13 | 275.83 |
| 23 | Wines and Spirits(5) | 321.28 | +0.1 | 16.95 | 5.81 | 7.27 | 320.98 | 317.33 | 317.73 | 320.09 | 300.67 |
| 24 | Entertainment, Catering(17) | 347.82 | — | 16.60 | 6.43 | 7.47 | 347.73 | 342.30 | 342.95 | 345.93 | 309.63 |
| 25 | Food Manufacturers(23) | 219.08 | +0.4 | 18.41 | 6.81 | 6.40 | 218.18 | 216.64 | 214.77 | 216.36 | 200.10 |
| 26 | Food Retailing(13) | 338.94 | +0.7 | 12.44 | 4.67 | 7.60 | 333.61 | 329.50 | 328.15 | 330.48 | 302.16 |
| 27 | Newspapers, Publishing(13) | 417.68 | +0.3 | 17.28 | 6.35 | 6.37 | 412.66 | 409.47 | 405.54 | 402.81 | 408.60 |
| 28 | Packaging and Paper(15) | 134.98 | +1.5 | 25.95 | 9.33 | 4.57 | 132.33 | 136.31 | 132.12 | 132.82 | 274.71 |
| 29 | Stores(45) | 227.70 | +0.5 | 13.87 | 5.46 | 2.26 | 226.14 | 224.73 | 225.75 | 225.30 | 203.74 |
| 30 | Textiles(12) | 124.63 | — | 25.37 | 11.25 | 5.17 | 140.49 | 140.52 | 139.68 | 140.24 | 158.95 |
| 31 | Tobacco(3) | 266.55 | +1.2 | 25.33 | 10.28 | 4.49 | 223.90 | 223.41 | 226.37 | 229.25 | 233.30 |
| 32 | Tour and Travel(1) | 27.63 | +1.3 | 44.01 | 13.80 | 2.63 | 27.98 | 27.84 | 27.15 | 27.30 | 68.82 |
| 33 | Transportation(14) | 274.95 | +0.5 | 17.14 | 7.45 | 6.45 | 270.99 | 269.99 | 270.99 | 270.01 | 268.63 |
| 34 | OTHER GROUPS | 325.72 | +1.0 | 19.05 | 7.40 | 6.02 | 322.47 | 313.64 | 322.64 | 322.64 | 274.71 |
| 35 | Chemicals(16) | 325.72 | +1.0 | 19.05 | 7.40 | 6.02 | 322.47 | 313.64 | 322.64 | 322.64 | 274.71 |
| 36 | Pharmaceutical Products(7) | 234.77 | +0.4 | 10.78 | 5.90 | 11.47 | 233.73 | 228.88 | 232.44 | 229.87 | 215.28 |
| 37 | Office Equipment(6) | 109.53 | +3.3 | 18.49 | 7.57 | 6.31 | 105.99 | 107.80 | 112.19 | 113.16 | 119.33 |
| 38 | Shipping(10) | 610.62 | +2.2 | 12.57 | 5.78 | 9.70 | 597.97 | 595.69 | 597.91 | 586.34 | 473.12 |
| 39 | Miscellaneous(60) | 253.30 | +2.0 | 15.76 | 6.66 | 7.07 | 247.67 | 235.62 | 235.56 | 237.13 | 239.99 |
| 40 | INDUSTRIAL GROUP (492) | 235.84 | +1.2 | 16.48 | 6.37 | 7.31 | 232.82 | 228.41 | 230.48 | 229.63 | 216.34 |
| 51 | Oil(18) | 813.74 | +0.8 | 28.38 | 6.33 | 3.89 | 807.34 | 781.74 | 794.89 | 797.63 | 639.14 |
| 59 | S&P SHARE INDEX | 300.08 | +1.1 | 18.99 | 6.36 | 6.20 | 296.87 | 291.89 | 291.34 | 292.24 | 267.28 |
| FINANCIAL GROUP (118) | | | | | | | | | | | |
| 61 | Banks(6) | 235.25 | +2.2 | — | 5.54 | — | 230.12 | 228.76 | 228.24 | 228.78 | 192.40 |
| 62 | Discount Houses(10) | 247.68 | +4.8 | 39.39 | 6.56 | 3.11 | 236.39 | 241.25 | 240.21 | 239.84 | 241.25 |
| 63 | Insurance(11) | 277.56 | +3.2 | — | 6.39 | — | 265.86 | 269.54 | 270.62 | 270.47 | 262.00 |
| 64 | Life Insurance(1) | 249.03 | +1.2 | 12.55 | 4.99 | 10.35 | 246.91 | 245.99 | 238.17 | 238.49 | 187.15 |
| 65 | Insurance(Life)(10) | 231.85 | +1.2 | — | 6.49 | — | 221.21 | 220.99 | 220.99 | 220.99 | 187.15 |
| 66 | Insurance(Composite)(9) | 156.70 | +0.9 | — | 6.86 | — | 155.44 | 152.76 | 152.76 | 152.77 | 121.94 |
| 67 | Insurance(Brokerage)(9) | 344.37 | +0.7 | 13.49 | 6.65 | 10.18 | 346.64 | 334.46 | 331.91 | 334.70 | 242.34 |
| 68 | Merchant Banks(1) | 137.11 | +3.3 | — | 4.91 | — | 132.74 | 131.41 | 131.61 | 135.62 | 98.24 |
| 69 | Finance Purchase(5) | 257.12 | +1.9 | 21.19 | 6.11 | 43.84 | 249.76 | 255.44 | 252.12 | 252.12 | 358.24 |
| 70 | Miscellaneous(11) | 144.22 | +1.3 | 15.56 | 6.16 | 8.16 | 139.42 | 131.41 | 131.61 | 131.61 | 131.61 |
| 71 | Investment Trusts(109) | 262.64 | +1.7 | — | 5.34 | — | 261.25 | 251.25 | 251.25 | 251.25 | 255.98 |
| 72 | Mining Finance(4) | 244.01 | +1.9 | 11.06 | 4.84 | 10.90 | 239.42 | 240.81 | 244.34 | 244.34 | 177.83 |
| 73 | Overseas Traders(19) | 419.93 | +1.8 | 11.84 | 6.76 | 10.28 | 406.52 | 407.06 | 404.88 | 405.28 | 352.92 |
| 99 | ALL-SHARE INDEX(750) | 286.38 | +1.4 | — | 6.05 | — | 282.71 | 279.68 | 280.69 | 281.01 | 248.28 |

**AUTHORISED
UNIT
TRUSTS**

[illegible]

Confederation Funds Mgt. Ltd. (a)
50, Canary Lane, WC2A 1HE. 01-242 0282
Growth Fund 65.5 69.3 1.271
For Constitution see Confederation Fund Managers.

Craigmount Unit Trst. Mgrs. Ltd.
40 Bucklebury, London EC4N 8ED. 01-245 4984

| | | | | |
|-----------------|------|------|------|------|
| High Income | 33.4 | 42.2 | +0.5 | 31.2 |
| North American | 49.5 | 57.4 | +0.3 | 57.1 |
| Canadian Exempt | 54.2 | 57.4 | — | 53.0 |

[illegible]

| S & G Group (y)(c)(z) | | See Quays, Tower Hill, EC3R 6BQ, 01-625 4588 | | See also Stock Exchange | |
|-----------------------|-------|--|--|-------------------------|--|
| Dividends | 29.3 | | | 2.35 | |
| Acum. Incls. | 33.0 | | | 2.35 | |
| American Recovery | 2.5 | | | 2.49 | |
| Acum. Incls. | 6.5 | | | 2.49 | |
| Translation | 105.3 | | | 0.01 | |
| Acum. Incls. | 104.7 | | | 0.01 | |
| Commodity | 118.2 | | | 1.1 | |

[illegible]

| | |
|---------------------------------|-------------|
| Schneider Wagg & Co. Ltd.(W)(C) | Capital |
| Bridge, F.C.2 | Conston H. |
| by 15 | Key Invest. |
| 134.2 | 144.34 |
| 117.6 | 182.2 |
| by 15 | 220.4 |
| 220.4 | 215.4 |
| 134.4 | 215.4 |
| 108.3 | 116.4 |
| 144.6 | 155.4 |
| 25.4 | 27.3 |
| 29.4 | 31.1 |

[illegible]

| | | |
|------------------------|--------------------|-------------------|
| Insurance | 0902 28511 | Langham Life |
| Maple Ash W'ton. | 110 95 | Langham Hse., Har |
| 110 95 | Harvest Pm, Finest | |
| Magna Gp. | Harvest 'A' Plan | |
| Brunei Centre, Btchery | W'Prog Bond | |
| 0902 641272 | W'Prog S'P1 M31 | |
| 58 3 | Legal & General | |
| 154 5 | Kinross House | |
| 154 5 | K720 GEU. | |

[illegible]

| | |
|--------------------------|------------------------|
| Co. Ltd. | Provincial Life Ass. |
| Dr., NW4, 01-203 5211 | 222 Bishopsgate, EC2 |
| 1 109.9 | Prov. Managed Fd. 14.4 |
| 2 72.8 | Prov. Cash Fd. 12.2 |
| 4 175.4 | Gift Fund 13.2 |
| 2 85.9 | Property Fund 12.2 |
| | Equity Fund 13.2 |
| | Fd. Int. Fund 11.1 |
| (Unit Assur.) Ltd. | |
| Wood, Tadworth, Surrey | |
| Taverthorpe Health 53456 | |

[illegible]

| | |
|-------|---|
| 148.0 | — |
| 129.2 | — |
| 143.6 | — |
| 143.6 | — |
| 157.4 | — |
| 158.0 | — |
| 120.0 | — |
| 100.0 | — |

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&

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Continued on previous page

INDUSTRIALS—Continued

[illegible]**INSURANCE—Continued**[illegible]

PROPERTY—Continued

[illegible]**VESTMENT TRUSTS—Cont.**[illegible]**ANCE. LAND—Continued**[illegible]**MINES—Continued**[illegible]

Miscellaneous

| | | | |
|-------------------|-----|-----|---------|
| Anglo-Continental | 135 | | |
| Bearman | 55 | -1 | |
| Barma Mines 10p | 142 | | 0.62 |
| Cons. Misch. 10c | 360 | -10 | 140 1/2 |
| Hiemerdon 10c. | 105 | | |
| Northgate CSt | 380 | -20 | |
| R.T.Z. | 450 | +9 | 15.00 |
| Robert Mines | 27 | | |
| Sabira Inc. CSt. | 292 | -5 | |
| Typhuram 10p | 46 | -1 | |
| Tara Exptn. \$1 | 435 | -2 | |

NOTES

Covers are based on "maximum" (gross) dividend costs to profit, after taxable profits/losses but including estimated extent of tax credits. Dividend costs are based on middle prices, are gross, adjusted for tax credits, and allow for value of declared distributions.

Losses recorded thus have been adjusted to all

- cost.
are increased or reduced,
the dividend is deferred.
no provision on application.
report approved.
dividend.
of the corporation.
dividend after paying scrip and/or rights
precedes dividends in preference
the corporation in progress.
dividend; reduced limit and/or reduced earnings
dividend; cover on earnings updated by the
for conversion of shares and not ranking
only for restricted dividend.
dividend is not also ranking
the. No P/E ratio usually provided.
a final dividend declaration.
on an assumption Treasury Bill Rate stays
the. A "True-Up" Figure based on payments
to. Cents; D: Dividend rate paid or payable
based on dividend as full capital; a P/E ratio
Assumed dividend and yield. In Assumed
the. If Payment of capital cost is
higher than previous total, no Rights issue
on preliminary figures. D: Dividend and
Yield. If Payment of capital cost is
rate based on latest annual earnings
based on previous year's earnings. A
the. If currency change, Y: Dividend
in terms. D: Dividend yield includes a tax
to apply to special payments. On next dividend
the. If interest is paid or deferred. E: Canadian
1979-1980. E: Assumed dividend and yield
1979-1980. E: Dividend and yield based on
the. If currency change, Y: Dividend
and estimates for 1979-1980. M: Dividend and
Yield. If currency change, Y: Dividend
either official estimates for 1980. M: Dividend
specifies or other official estimates for 1980-
2000. Z: Dividend total to date.

ad ex dividend; ex scrip issue; or ex capital distribution.

REGIONAL MARKETS

| | |
|-----|------------------|
| 16 | Conv. 9% '80/'82 |
| 400 | Nat. 9% '84/'89 |
| 60 | Fla. 13% '97/'02 |

| | | | | |
|---|------------------|--------|-----------------|----|
| 2 | 510 ² | 210000 | Alliance Gas | 18 |
| | 30 ² | | Arnott | |
| | 18 | | Carroll (P.J.) | |
| | 210 ² | -2 | Concrete Prods. | 1 |
| | 77 | | Heiten (Hols.) | |
| | 250 | | Ins. Corp. | 2 |
| | 122 | | Irish Ropes | |
| | 455 | | Jacob | |
| | 43 | | T.M.G. | |
| 2 | 102 ² | | Unicare | |
| 2 | 145 | | | |

.. OPTIONS

3-month Call Rates

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London Stock Exchange Report page

is available to every Company dealt in
throughout the United Kingdom for a fee
per annum for each security

PAPER PRINTING

[illegible]

12 (APR) London 10p 119 +3 +2.06 1.4 2.01

| | | | | | | | | | |
|--|---------------------|-----|----|-------|---|---|---|---|---|
| | Affinity London | 216 | -4 | 80.22 | - | - | - | - | - |
| | Jama, Estates | 164 | - | - | - | - | - | - | - |
| | Anglo Metropolitan | 78 | +3 | - | - | - | - | - | - |
| | Apex, Propriety 10p | 132 | - | 72.6 | - | - | - | - | - |
| | Asahi, Japan 10p | 138 | - | 77.2 | - | - | - | - | - |
| | Asia Pacific 20p | 129 | - | 1.97 | - | - | - | - | - |
| | Asian Cities 20p | 120 | - | 2.11 | - | - | - | - | - |
| | Banquepari Prop. | 140 | +4 | 4.5 | - | - | - | - | - |
| | Rosier (C. N.) 40p | 74 | +3 | 165.6 | - | - | - | - | - |
| | Berkley Hamble | 218 | - | 5.5 | - | - | - | - | - |
| | Briffon (Percy) | 205 | +4 | 6.5 | - | - | - | - | - |
| | Bradford Prop. | 290 | - | 2.25 | - | - | - | - | - |
| | The British Land | 253 | +2 | 0.25 | - | - | - | - | - |
| | Br. Tyne Co. 200d. | 163 | - | 62.2 | - | - | - | - | - |
| | Cable & Wireless | 125 | - | 92.91 | - | - | - | - | - |
| | Cable & Castles | 118 | +3 | 3.0 | - | - | - | - | - |
| | (Cable) Real Estate | - | - | - | - | - | - | - | - |
| | Caribbean Inc 50p | 210 | - | 24 | - | - | - | - | - |
| | Cataviac 20p | 157 | +2 | 1.35 | - | - | - | - | - |
| | Cataviac 20p | 150 | - | - | - | - | - | - | - |

TOBACCOS.

| | | | | | | | |
|----|---------------------------|-----|-----|--------|-----|------|---|
| 23 | BAT Inds. | 277 | +2 | 517.34 | 3.1 | 8.9 | 4 |
| 12 | Imperial | 812 | +12 | 47.25 | 1.6 | 13.1 | 5 |
| 33 | Rothmans 12 ²⁰ | 482 | +1 | 3.11 | 0.1 | 9.6 | 7 |

RUSTS, FINANCE, LAND

[illegible]

Finance, land, etc.

[illegible]

| | | | | | |
|---------------------|-----|-------|------|----|------|
| Free State Dev. 50c | 280 | | 035c | φ | 10.5 |
| U.S. Govt. 50c | 526 | +1 | -100 | 22 | 0.2 |

| | | | |
|-------------------|------|-----|------|
| F.S. Scalpless RI | 346 | ↓ | 15.2 |
| Harmony 50c | 338 | 0 | 15.2 |
| Lorraine RI | 337 | -7 | |
| Pres. Brand 50c | £294 | 0 | 8.3 |
| Pres. Steyn 50c | £174 | +4 | 2.1 |
| St. Helena RI | £162 | 0 | 18.2 |
| Unisel | 580 | -11 | 3.9 |
| Welkom 50c | 706 | +28 | 1.5 |
| W. Holdings 50c | £301 | 0 | 12.2 |

| | | | | | |
|--------------------|---------------------------------|----|------|-----|-----|
| Ang. Am. Coal 50c. | £11 ¹ / ₂ | +3 | Q90c | 1.1 | 4.6 |
| Anglo Amer. 10c. | 615 | +5 | Q70c | 1.8 | 6.5 |

| | | | | |
|----------------------|-----|------|--------|-----|
| Ang. Am. Gold R1 | 530 | +14 | 0255 | 7.7 |
| Ang-Vaul 50c | 515 | +12 | 0200 | 8.0 |
| Charter Cons. 2p | 233 | +4 | 38.0 | 4.9 |
| Cons. Gold Fields | 533 | +8 | 113.51 | 3.6 |
| East Rand Con. 10p | 22 | - | 1.05 | 6.0 |
| Cons. Min. U.C. 40c | 890 | -19 | 0100 | 6.4 |
| Gold Fields S.A. 25c | 535 | +14 | 0225 | 3.6 |
| Goldburg Cons. R2 | 527 | +4 | 0255 | 5.2 |
| Midvale Wrt 25c | 474 | ---- | 0655 | 7.9 |
| Monroa SBUL 40 | 325 | -5 | 1019 | 2.6 |
| New Wrt 50c | 221 | -1 | 0095 | 6.2 |

| | | | | |
|------------------|------------------|-----------------|-------|-----|
| Patino NV Fls. | 122 ₂ | +1 ₂ | QC50c | 1.5 |
| Rand London 15c. | 122 | -2 | Q11c | 5.2 |
| Rand London Coal | 89 | | 1074c | 8.7 |

| | | | | | |
|-----------------|------|-----|-------|-----|-----|
| Selection Trust | £122 | +4 | 423.0 | 1.1 | 2.6 |
| Centrust 10c | 327 | +11 | 055c | 1 | 9.6 |
| Seafarmeries 2p | 154 | +7 | 13.0 | 1 | 2.7 |
| Amis Cons. 50p | 336 | +4 | 012.0 | 1.1 | 3.6 |
| Co. Prof. 80p | 88 | | 099c | 27 | 8.2 |
| Real Cons.Ld.RI | £204 | -3 | 0118c | 1.3 | 5.2 |
| Co. Invest RI | 550 | | 060c | 1.1 | 6.2 |
| Fogets 20c | 308 | | 016c | 1.5 | 9.2 |

Diamond and Platinum

| | | | | |
|------------------------|-------------------|-----------------|-------|---------|
| Single-Arm Inv. 50c... | £451 ₉ | -4 ₂ | 0860c | 11/10.9 |
| De Beers Df. 5c... | 422 | +3 | 0721c | 28/9.8 |

| | | | | |
|------------------|-----|-----------|------|------|
| Do. 40pc Pl. RS. | 750 | Q200c | 48.8 | 15.2 |
| mpela Plat. 20c | 274 | +12 m034c | 3.6 | 7.1 |

INSURANCE

| | | | | |
|---------------------|-----|------|--------|-----|
| Bowling (C. F.) | 174 | 14.0 | 2.0 | 7.0 |
| Breastwell Bld. 10p | 9 | --- | --- | --- |
| Britannic 5p | 224 | +10 | 11.9 | 7.3 |
| Combined Int. St. | 828 | --- | 051.60 | 7.7 |
| Comm. Union | 161 | --- | 9.8 | 8.7 |
| Eagle Star | 228 | +4 | 9.0 | 5.6 |

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FINANCIAL TIMES

Thursday July 17 1980

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Iran makes bid to avoid sanctions

BY SIMON HENDERSON

IRAN is buying spare parts for its oil industry worth \$150m (£83.3m) a year through a London-based purchasing organisation, despite U.S. economic sanctions intended to force it to release the Tebran hostages.

Curiously, the non-profit making organisation, Iranian Oil Services (IOS), is still legally owned by the consortium of Western oil companies, including 11 U.S. companies, which produced most of Iran's oil before last year's revolution.

In theory, its operations do not infringe U.S. sanctions. The British legislation allows supply contracts to be extended, and one of the U.S. companies said

yesterday that as minority shareholders they could only ensure that no U.S. equipment was supplied.

At present British Petroleum has 40 per cent of IOS, Royal Dutch-Shell 14 per cent and Compagnie Francaise des Petroles 8 per cent. Of the U.S. companies, Exxon, Gulf, Mobil, Social and Texaco each has 7 per cent, and the remaining 5 per cent is shared between Atlantic Richfield, American Independent, Getty, Charter, Conoco and Standard Oil of Ohio.

The fact that Iran still depends on the consortium to provide spare parts for its vital oil industry is clearly an embarrassment to the revolutionary

authorities. Talks were attempted a year ago to sort out its ownership but failed, apparently because nobody in Tehran was prepared to take the necessary decision.

On the U.S. companies' side, the continuing legal relationship is also probably embarrassing in the light of sanctions but worth continuing as a bargaining lever for outstanding claims against Iran, which nationalised the Western-owned producing arm of the consortium.

Until the seizure of the U.S. embassy in Tehran, U.S.-made goods were estimated to form only 25 per cent of IOS sales. In most cases these can be obtained from other suppliers. British companies meet an

estimated 35 per cent of the spare parts required, while most of the remainder was met by other West European countries.

IOS's role means present assumptions about the state of Iran's oil industry may need to be revised. Industry experts say there is no particular shortage of spares, and that present Iranian production of 1.5m barrels a day could easily be doubled.

Instead, low production is blamed on Iranian pricing policy which, at an effective level of \$35 a barrel since April, still makes Iran's oil more expensive than comparable crudes. A role for the Soviet Union

as a supplier of spare parts or experts is also discounted. It is thought the Iranians first explored the possibility this year, before the scope of the EEC sanctions then proposed against Iran was clear.

Despite continuing sabotage of pipelines, blamed on Iraqi-backed local Arab separatists, IOS has not been asked to supply pipe. It is assumed there are still adequate stocks to Iran, or that the major pipe mill at Ahwaz can produce what is required.

Industry experts consider the National Iranian Oil Corporation capable of running production and maintenance operations, areas which have long been staffed by Iranians.

Fisons and Boots plan link-up

BY SUE CAMERON, CHEMICALS CORRESPONDENT

FISONS AND BOOTS plan to merge their agrochemical businesses into a joint-venture company. The new company—as yet unnamed—is expected to have annual sales of at least £125m, which would make it the dominant UK producer of herbicides and pesticides.

Fisons and Boots, both household names, hope to set up the new company by October. It will be a 50-50 venture but Fisons will initially contribute a bigger business than Boots. The main objective is to provide a sounder financial base to support the large research expenditure

needed for success in the market. The new company would be the world's 15th largest producer of herbicides and pesticides.

Neither company would disclose details of the financial arrangements last night but it is estimated that Boots will contribute more than £10m. Part of this is expected to be paid directly to Fisons, and part will be used to fund the new venture.

Last year Fisons' agrochemical division had sales of £77.963m and pre-tax profits of £2.985m. Boots refuses to break down the sales and profits of its

various divisions but it is thought the agrochemicals sector had a turnover of just under £50m last year and pre-tax profits of around £15m.

Fisons' agrochemicals sector employs 1,800 people—1,300 of them in the UK—and Boots around 850.

The two companies yesterday acknowledged "some problems" with their individual agrochemical operations at present. Neither was his enough to fund research and development on the scale necessary to expand and make healthy returns. They said the agrochemical

industry had "attractive" growth prospects, notably in the Third World, but individually their cost structures were "becoming more and more critical."

Together they could afford stronger and more comprehensive research and more aggressive international marketing. Another reason for the joint venture is the complementary nature of their current agrochemical product ranges. Fisons is strong in herbicides, although it is also developing some insecticides. Boots is already well established in insecticides but weaker in herbicides.

Birmid plans closure as foundries hit trouble

By Arthur Smith, Midlands Correspondent

BIRMINGHAM QUALCAST announced the planned closure of a foundry in Smethwick yesterday with the loss of 500 jobs. Up to 50,000 workers in the ferrous foundry industry are now on short time as the recession in manufacturing continues to bite.

Mr. Derek Farrant, director of the Council of Ironfoundry Associations, said last night: "The industry is very nearly at crisis point. I cannot remember such a volume of redundancies, short-time working and ever-shortening order books."

The fall in demand, which had started with the automotive industry, had now become more general, he said.

Birmid blamed the severe cutback in demand from the tractor industry for its decision. But the Dartmouth Auto Castings number two foundry.

The latest redundancies will bring the number of jobs shed at Birmid's foundries to more than 1,700 jobs in the past twelve months. Three company foundries have already been shut, largely because of the fall in demand from the motor industry.

Birmid also confirmed yesterday that the Birmidals factory in Birmingham was to be closed and the 900 workers dismissed.

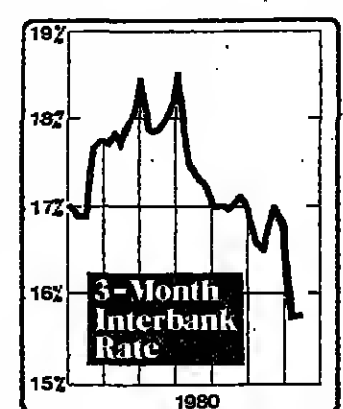
The company, which has suffered losses for several years, had been hit by a long-running industrial dispute. Birmidals makes a wide variety of wrought aluminium products.

Foundries suffer as demand dips, Page 7

THE LEX COLUMN

Fisons finds an agropartner

Index rose 3.3 to 503.1



Fisons/Boots

While the All-Share Index was hitting a new high point yesterday, the Fisons share price was struggling against its year's low. The abrupt departure of the chief executive last month concentrated City minds on the company's trading difficulties, and profit forecasts have since been cut back sharply.

The question now is not how much Fisons will recover from last year's £17.3m pre-tax, but whether it can avoid a decline.

Now the company has announced plans to pool its agrochemical interests with Boots' smaller similar division in a 50/50 joint venture. As the larger contributor, Fisons will receive some welcome cash from Boots, which will also inject some funds into the new company—Boots' overall expenditure seems likely to be a fair bit over £10m.

The cost savings from this venture should benefit both parties, and sheer size must be an advantage in what is now an open world market. Fisons is able to shift some of the burden of capital and R & D spending which is building up in a division that is still earning low returns.

With luck, too, the joint venture may be able to borrow in its own name and fund itself before long. So the deal promises some relief to Fisons' balance sheet at a time when cash flow projections must be falling well below long-range budget. It may be seen as a realistic acceptance of a medium-sized group's limitations in funding research-based activities, or just as a sign of financial prudence. Either way, Fisons is giving up control of a significant part of its business.

presentable set of figures at the interim stage, with pre-tax profits down only 13 per cent at £9.9m. Volumes have been generally maintained, although pricing constraints have hit UK margins. A squeeze on volumes now seems to be developing, however, while the pound is moving further ahead and there is a seasonal downturn in mainland Europe. Full-year profits are likely to emerge in the region of £16m, against £19.1m.

The company's need to adjust to the long-term market switch from duplicators to photocopyers has now reached a critical stage. The new copiers, out next year, seem unlikely to be technological market leaders. Meanwhile, Gestetner has continued to shrink in real terms this half, judging by its current cost losses, albeit at a slower pace than in the previous six months. Capital expenditure of around £10m is not running at anything like the levels of the predominantly Japanese competition.

With a net debt of about 20 per cent of capital employed, the balance-sheet remains healthy, although less so than in the past. If the company wants to use its financial strength to buy into the new technology, it cannot afford to wait long. The share price, down from 125p a year ago, rose 4p yesterday to 13p, to produce a yield of 9 1/2 per cent and a prospective p/e of about 3 1/2, fully taxed, levels which reflect the scepticism of the market.

Union Discount, the first of the discount houses to report at the interim stage, has clearly had a comfortable first half for 1980. Commercial bills, generally offered a yield above minimum Lending Rate, and there have been rewarding excursions—no more than that in Union's case—into fixed-rate gilt-edged, while variables performed well. The only actual number that emerges is the dividend, raised by more than 40 per cent to 8p. Ostensibly, this is to reduce disparity between the interim and final dividends, but Union is expecting a sudden downward dip in interest rates, which should make the second half more profitable than the first.

Although Union has carried the maximum permissible book throughout this year, it has not yet (leaving aside gilt-edged) lengthened it by very much. It is, however, gradually taking on more certificates of deposit which have begun, since the abolition of the corset, to be issued in place of bills. As eligible bills—but not CDs—can be re-discounted at the Bank of England, this is a development that Union hopes will not go too far.

Marsh & McLennan

News of a 10 per cent rise in second quarter earnings per share of Marsh and McLennan will not entirely mollify those small UK shareholders who are worried about the marketability of Marsh shares received in exchange for Bowring equity. In many cases they hold only a very small number of the heavy-weight shares, which currently trade at £27 1/2, and apparently their attempts to sell odd lots—in U.S. terms a lot of 100 shares—have not always met with a positive response from banks and brokers.

Originally Marsh's UK merchant bankers, Warburg, hoped to get round this problem by setting up a parallel London market in Bearer Depositary Receipts, which would be equivalent to a tenth of a Marsh share. Unfortunately the Inland Revenue is proving to be an obstacle. The exchange of Marsh shares for BDRs would not fall clearly within the structure of rules for the takeover of a company by exchange of paper, and so there is a tiny legal risk that a switch into BDRs would constitute a disposal for the purposes of capital gains tax.

This is an awkward setback for Warburg's plan to establish a viable London market in Marsh's shares, and UK shareholders are to receive some reassurances in a letter being sent out with the interim report. They are to be told that it is, in fact, possible to sell small numbers of units, and if there are any difficulties two firms of brokers, de Zoete and Cazenove, are ready to help.

Weather

Weather

UK TODAY

MAINLY DRY with sunny intervals, but rain at times later. Rather cool generally. London, Southern England. The Midlands, Channel Isles.

Northern England

Mainly dry with sunny intervals, but becoming mostly cloudy with rain at times. Max 18C (64F).

Wales, S. W. England, Lakes, N. W. England

After a dry start, mostly cloudy with outbreaks of rain or drizzle and hill fog. Max 17C (63F).

West Scotland, Ulster

Cloudy with rain clearing followed by showers and fresh, locally strong winds. Max 16C (61F).

Outlook: Cool and changeable with showers or longer periods of rain.

WORLDWIDE

| City | Temp | Wind | Cloud | Temp | Wind | Cloud |
|--------------|------|------|----------------|------|------|-------|
| Ajaccio | 25 | 77 | Lozano | 19 | 66 | 15 |
| Algiers | 29 | 84 | London | 17 | 63 | 13 |
| Amman | 14 | 57 | Luxemb | 12 | 54 | 10 |
| Amman | 35 | 95 | Luxor | 28 | 82 | 10 |
| Bahrain | 40 | 104 | Madrid | 23 | 73 | 10 |
| Batavia | 28 | 82 | Moscow | 23 | 73 | 10 |
| Bombay | 29 | 84 | Nairobi | 22 | 72 | 10 |
| Buenos Aires | 15 | 59 | Paris | 14 | 57 | 10 |
| Calcutta | 31 | 88 | Perth | 14 | 57 | 10 |
| Cairo | 17 | 63 | Port of Spain | 21 | 70 | 10 |
| Canton | 16 | 61 | Rangoon | 21 | 70 | 10 |
| Cebu | 27 | 81 | Rio de Janeiro | 21 | 70 | 10 |
| Dhaka | 27 | 81 | Rome | 21 | 70 | 10 |
| Dubai | 31 | 88 | Salt Lake City | 19 | 66 | 10 |
| Edinburgh | 15 | 59 | Sao Paulo | 21 | 70 | 10 |
| Hankow | 27 | 81 | Singapore | 23 | 73 | 10 |
| Hong Kong | 27 | 81 | Sofia | 19 | 66 | 10 |
| Hyderabad | 27 | 81 | Stockholm | 19 | 66 | 10 |
| Imbabura | 27 | 81 | Sydney | 19 | 66 | 10 |
| Jakarta | 27 | 81 | Taipei | 21 | 70 | 10 |
| Johannesburg | 21 | 70 | Tokyo | 21 | 70 | 10 |
| Kuala Lumpur | 27 | 81 | Ulaanbaatar | 19 | 66 | 10 |
| Lahore | 27 | 81 | Yokohama | 21 | 70 | 10 |
| London | 17 | 63 | | | | |

Continued from Page 1

Defence

for in the cash limits but also higher than the general rate of price inflation.

The tight squeeze on spending last year may also have resulted in a switch of the usual March bunching of spending into April.

A Treasury paper published yesterday shows that central Government spending in 1979-80 was £311m, or 0.8 per cent below the cash limit ceilings. This compares with total underspending of £450m, or 1.5 per cent, in 1978-79.

Within this total, overspending by a few departments in 1979-80 was similar to the previous year at £53m. But the number of individual cash limits involved rose from four to 12.

As previously announced, defence and various Scottish programmes were slightly in breach of cash limits. In addition, minor breaches have also appeared on, amongst other items, industrial support, scientific and technical assistance, royal palaces and parks, the stationery office, Civil Service catering and roads in England.

Continued from Page 1

U.S. output

The mid-year review is not expected to contain any immediate plan for a general tax cut, because President Jimmy Carter clearly wants more time to consider how taxes might be reduced.

The Administration has also claimed that recently declining interest rates and the moderation in inflation will naturally stimulate an upturn in the economy.

The June fall in industrial output follows a similar 2.4 per cent drop in May, and a 2.2 per cent decline in April.

Because of the improvement in the car sector last month, output of consumer durable goods, which include cars, dropped only 0.9 per cent in June, compared to declines of more than 5 per cent in the two previous months.

DEBATE ON CONSTITUTION TO CONTINUE

Hopes for Labour unity diminish

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR PARTY leaders' hopes that this year's conference would bring an end to the in-fighting over its constitution received a major setback yesterday.

The party's national executive voted against the idea of re-imposing the ban on raising constitutional issues at conference more than once every three years.

This means that whichever side loses at this year's conference is almost certain to try to raise the issue again at the 1981 conference. As a result, the party could be preoccupied for another year with its own bitter internal battles instead of concentrating on fighting the Conservatives, as Mr. Callaghan wants.

Mr. Callaghan's camp is fairly confident of defeating the Left this year on the key issues of the re-election of existing MPs and who should elect the party

leader and write the manifesto. But given the nature of Labour's conference, they could not be sure of sustaining that victory if the Left insisted on raising these issues again next year.

Yesterday's meeting of the executive was the first of two crucial meetings to discuss the NEC's position on the issues which will dominate this year's conference.

The decision on the three-year rule was a victory for Mr. Anthony Wedgwood Benn, who moved the motion, and other left-wingers. But there were increasing signs yesterday that the Left is split over the composition of the proposed new electoral college to elect the party leader.

This could make it easier for Mr. Callaghan to gain support on the executive for the idea of leaving the rules as they are,

and so preserving the exclusive right of Labour MPs to elect the leader.

The Left will be discussing its strategy over the next few days, and it may be that, in the event, those left-wingers with reservations about the form of electoral college proposed at an executive sub-committee meeting last week may swallow their doubts—on the grounds that the most important thing is to get the principle of an electoral college accepted.

Yesterday's meeting was held specifically to discuss the recommendations of the party's Commission of Inquiry. As the Commission finally gave up the idea of making any recommendations on the main constitutional issues two weeks ago, most of the discussion concentrated on the less divisive issues of organisation and finance.

It was agreed that the con-

ference should be asked to approve a big increase in both union affiliation fees and individual subscriptions.

The question of the three-year rule arose out of one of the Commission's recommendations on conference procedures. Both Mr. Callaghan and his deputy, Mr. Michael Foot, argued strongly for the reinstatement of the rule, which was lifted last year. But they lost by 11 votes to eight.

The Commission's report will therefore go to conference with the recommendation from the executive that they reject this clause. As only the executive can bring forward a conference amendment, the constitution necessary to reimpose the rule, there is now no chance of it being changed back again this year. Even so, the debate may show how tired some of the unions are with the wrangling over constitutional issues.